Saab-Scania opens

after heavy losses

Swedish Krone billion

Swedish Krans

1984

duty to clarify its financial

Swedish share prices closed

sharply lower in active trading, triggered by Saab-Scania's unexpected release of its six-

month figures. The company

simultaneously revealed it was discussing a possible co-opera-tion deal with Ford.

SKr2.00 lower at SKr219.00, while its restricted A-shares rose SKr7.00 to SKr233.00.

1.35 per cent lower than Fri-

During the same period, sales of all imported European

models fell by 19 per cent, although Volvo, Saab's bigger Swedish competitor, showed an 11 per cent gain. Saab recovered ground in July and August with ITS cales now less

August, with US sales now lag-ging 10 per cent behind the first eight months of 1988, with

The fall in sales has made it difficult for Saab to absorb

higher production costs, caused by climbing wage bills. Saab is reportedly losing, SKr15,000 on each model it pro-

duces of the top of the line

uring programme to cut costs,

including reducing the car divi

siou's 15,500 workforce by 1,500

to 2.000 persons and plans to

sell its three domestic vehicle

components factories which

employ another 1,400. Produc-

Karnsund said the long term

tion is also being cut back tem

porarily to match demand.

ab has started a restruct

Saab 9000.

a backlog of 3,000 vehicles

Saab's free B-shares closed

The general index finished

talks with Ford

D 8523A

No.30.938

Tuesday September 5 1989

A bumpy ride for the Swedish car group

e-tax profits

solution to Saab's problems would be to expand production

volume enough to achieve economies of scale. "My basic

view is that we would achieve

higger volumes faster through

collaboration with a suitable partner," he explained, indicat-

year ago, he explained that a Swedish solution would lead to

a shutdown of facilities and

loss of jobs as production is concentrated. "If we have co-

operation, however, with Ford

or some other foreign company

this will increase volume and therefore employment," he added.

While group profits fell from SKr1.28bu to SKr902m during the first half, sales rose by 12

per cent from SKr20.62bu to

SKr23.04bn. Sales by the Scania division, the group's most profitable business area,

climbed by 17 per cent to SKr11.58bn, based on strong

demand in the US and Western

per cent increase in turnover

to SKr8.41bn with higher sales

in Western Europe, particu-larly in the UK, Germany and

Background, Page 16; Lex,

The car division showed a 2

Europe.

Thousand

South African Bowater black unions strike ahead of elections

Black trade unions in South Africa are due to begin a five day general strike today to protest against the exclusion of blacks from general ejections acheduled for Wednesday.

The strike is intended as the climax of a month-long antispartheld campaign, which has led to 1,500 arrests and clashes between police and demonstrators. Page 18

Moscow warning The Soviet Union warned Afghan rebels against further attacks on Kabul airport, following a rocket assault that filled 16 people, but declined to say what retalistory mea-

sures it might take. Page 4

n-purtisan'

US arms proposal Senator Sam Nunn, Chairman of the US Senate Armed Forces Committee, proposed a new approach to arms control which would allow exploration of the reduction of short-range

China sacks liberal Chinese Premier Li Peng sacked Minister of Culture Wang Meng, regarded as an ally of fallen Communist Party chief Zhao Ziyang, Page 4

nuclear weapons in Europe.

Cuban jet crashes A Cuban Airlines jet carrying Italian tourists crashed into

s village after taking off from Havana airport killing all 126 people on board.

Gandhi denial

Indian Prime Minister Rajiv . Gandhi denied allegations made by the former head of the Indian army that he was involved in a cover-up of the Bofors scandal. Page 4

Italian party truce Italy's Christian Democrats avoided a factional struggle last week when right wingers persuaded former Prime Minister Cirisen De Mita to with-draw his resignation from the

Egyptian debt lobby Egypt despatched senior officlais to European capitals to drum up support ahead of deli-cate negotiations with the IMF on a new reform package.

Albanians to protest Etimic Albanian separatists in Yugoslavia's troubled

Kosovo province called for mass protests and strikes to coincide with the non-aligned countries' summit in Belgrade.

Riots in US

Rioting broke out for a second might in Virginia Beach, an Atlantic Ocean resort city where 100,000 mainly young, black students had gathered.

Israeli jet attack

Four Israeli jets bombed the southern Lebanese village of Majdal Balhis destroying the local headquarters of the radi-cal Palestinian Front for the Liberation of Palestine - General Command. Page 4

Soccer fan dies An England soccer fan fell overboard and died during dis-turbances on a ship sailing to Sweden for a match.

Snakes alive

MARKETS

Jun 1989 S

INTEREST RATES

yleid: (8.09%) Long Bond: (100) yleid: (8.12%)

CAC General

Police arrested two Korean film directors and a snake seller for releasing snakes in cinemas to protest against the showing of the American film

New York

DOLLAR .

SFr(1,707)

COLD

New York clo DM(1.9775) FFr(6.6675)

DM1.9785 (1.9780) FF:6.6725 (6.6675)

SFr1.7095 (1.7085 Y145.90 (145.80)

New York closed West Tex Crude Comex Dec closed

(Oct)

closed (\$1.5575)

DM3.0750 (3.0775)

FFr10.3700 (10.3775) SFr2.6575 (2.6800)

London: \$1.5540 (1.5565

Business Summary

DAISION

SAAB-SCANIA, the Swedish

antomotive and aerospace

group yesterday disclosed

heavy losses in its troubled car division and revealed that it is

holding talks with Ford of the US on collaboration that could

enable Saab to increase its sag-

ging production volume.

The group made losses of around SKr800m (\$121m) in the

first six months of 1989. Losses of a similar scale forecast for the second half of the year.

In a joint statement Saab-

Scania and Ford said the two

companies were exploring "whether there was any possi-bilities of closer co-operation in

various areas of the automo-

longed speculation about Saab, one of the smallest West Euro-pean car makers, seeking some form of collaborative assis-

tance from Ford, the world's second largest automotive group, tha two companies

insisted yesterday that discussions were "still at an early stage". No further details of

Mr Georg Karnsund, Saab-Scania chief executive yester-day denied speculation that he

would resign.
He expressed confidence that
Saab would weather the crisis

on its own if need be, noting

that the company survived similar troubles in the late 1970s. Although giving few details about the discussions

with Ford, he ruled out the possibility that Saab would be

Mr Karnsund blamed falling

sales in the US and high pro-

duction costs in Sweden for the car division's woes. Saab car

Saab was forced to take the unprecedented step of releas-

ing a six-month financial state-

ment - it normally releases

four and eight month figures

- following sharp criticism from the Stockholm Stock

The Saab-Scania share price

has tumbled in recent days on

rumours that car losses could

total SKr2hu this year. Mr Bengt Ryden, head of the stock

Exchange last week.

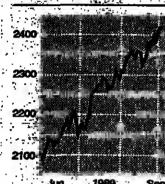
sold to the US auto maker.

the talks were released

Although there has been pro-

tive business.'

in £382m bid for



important 2,400 mark.

tors were appointed to the board of the UK industrial gation, in a move which dale, chairman of US group fromois Brands, boardroom control Page 19

serve the European market.

ADIA, world's second largest employment agency, is to merge with fellow Swiss con pany Inspectorate International to form one of the world's largest service groups. Page 19

TNT, Australian-based international transport group, said after tax operating profits rose
11.5 per cent to A\$225.6m (\$173m) for the year to June.

Page 21 SIME Darby, Malaysia's largest listed company, announced a 65 per cent rise in after tax profits to 339.4m ringgit

prefabricated housebuilder, lifted unconsolidated pre-tax profits in the half to July by 25.5 per cent to Y33.5m

STROMBERG-Carlsson, US subsidiary of the UK's GPT telecommunications group, made a breakthrough in the Canadian market with an

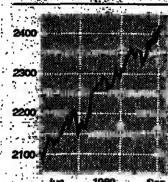
FAI Insurances, Australian general insurance group, said profits were slashed by almost two thirds to A\$60.04m (\$46m) for the year to June. Page 21 BORAL, building materials

in six years after reporting a record operating profit of A\$301m (\$291m) for the year to June, up 44.3 per cent.

US and Canadian markets

shareholders accept their management's De La Rue bid.

FT-SE 100 Index



index rose another 11.7 points to 2,419.2, about 24 points short of the all-time peak, consolidat ing above the psychologically

MAKITA of Japan, one of the world's three largest manufac-turers of electric hand-held, power tools is to build a £27m (\$42.4m) production plant in Telford, central England to

(\$259m) for the year to June on a 25 per cent jump in turnover to 4.2b ringgit. Page 22

SEKISUI House, Japan's top (\$234m) due to vigorous domes

tic demand. Page 22

\$20m. Page 6

group which is one of Austra-lia's largest companies, announced its fifth scrip issue

remained closed yesterday for Labour day holidays.

STOCK INDICES

Dow Jones Ind. Av.

New York close

2419.2 (+11.7)

2,016.5 (+20.8)

34,483.78 (+135.56)

Brent 15-day (Argus)

\$17,425 (+0.10) (Sept)

150.83 (Fri)

(2,752.09) S&P Comp.

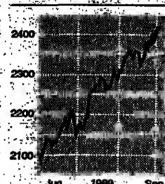
(353.73)

World:

Norton Opax

BOWATER Industries, UK packaging and industrial products company; made a £382m (\$600m) "full and final" bid (Stillin) "full and finat" but for Norton Opax, specialist print and packaging company, which fiself made a hostile bid for bank-note printer De La Rise two weeks ago. The Bowater bid will lapse at the weekend if Norton sharabolders account their man-

FTSE Index: The new equity account in the UK stock market opened stronger with the FT-SE Index continuing to move nearer to the all-time high recorded in July 1987. The



Jun

EAGLE Trust: three new direcholding company subject of a Serious Fraud Office investiappears to give Malcolm Stock-

sales sumped by 15 per cent in the US, its most profitable mar-ket, during the first half of Mr Karnsund said the car division's losses had reduced the group's profits by 30 per cent to SKr902m in the first six

order from the Manitoba Telephone System valued at \$10m-

European countries. These are CONTENTS

Zimbabwe: land returns to the forefront of political agenda



Mr Robert Mugabe, Zimbabwe President, may alter the constitu-tion to enable the Govemment to buy compulsorily whiteowned land for black prise is that the land issue has remained dormant for so long

France: Political Impetus builds hehlnd hopes for free market in insurance . 1992: Europe without frontiers worries UK

Management: Networking - aaaking to become a dot on the entrepreneurial map 12 Editorial comments South Africa's election: Protecting the UK countryside ... Third World: The unshakeable grip of war ...17

Lext Argyll; markets; Saab-Scania; Grand Met-Technology: Peugeot's drive towards automa-

International Bonds Closed -Wall Street . 31,35,37 Lex ... Unit Trusts

China turns to foreign markets to raise funds for aircraft

By Stephen Fidler in London

CHINA has re-emerged publicly as a borrower in the international banking market for the first time since the June massacre of protesters in

Peking's Tianaumen Square.
The regional airline, Air
China, has successfully raised
about £130m (\$203m) in Japan about £130m (\$203m) in Japan and Europe for the purchase of a Boeing 747-400 airliner. The financing, carrying the guarantee of the Bank of

china, shows, however, that the country is being forced to pay significantly more than would have been necessary before the turmoil. Foreign credits dried up after the massacre. A subsequent sharp drop in tourist business has also caused problems for banks which have financed hotels in the country.

The arranger of the complex loan arrangement, known as the Japanese leveraged lease, is a specialist airline financing company known as The Transportation Group. TTG, with offices in New York, Hong Kong, Tokyo and London, was formed in March by former members of the aircraft financing team of Paine Webber, the Wall Street securities

The debt underlying the ing Ford.

Swedeu's powerful metal workers union last week called on the government to promote a possible merger between Saab and Volvo, but Mr Karnsund dismissed the idea.

Disclosing that "rontine" talks were held with Volvo a year ago, he explained that a transactiou carries an interest margin of 4 percentage point over London interbank offered rates, compared with perhaps 4 or 30 point earlier in the year. These floating-rate funds will be swapped to obtain a fixed rate of interest for the

borrower.
Mr Didier Benaroya, a partner and head of TTG's European operation, said the 12year transaction had had a "very good reaction" from European banks, which will provide most of the roughly £100m in debt, and guarantees in case the lease is terminated early. Japanese investors will provide about £30m of equity finance for the aircraft. Mr Benaroya, who would not disclose the lending banks,

said the financing had met contrasting reactions. Some bankers would not countenance a resumption of lending siderations, still considered China too risky. Others believed the terms were generous and likely to fall as geueral lending resumed.

Many banks take the view that lending for aircraft purdeveloping countries because of the security of the aircraft.

Address

Strikes disrupt port, factories in Azerbaijan

A STRIKE by Azsrhaijan's powerful Popular Front movement bad almost closed the docks and several key factories in Baku, the capital of the Soviet republic, by yesterday

As the planned week-long stoppage – in pursuit of a range of nationalist demands including the end of Moscow's direct rule over the disputed enclave of Nagorno-Karabakh – got under way, some 3,000 workers decided to set np a strike committee at the Lieutenant Schmidt factory, which makes machinery for the oil industry.

The Popular Front also reported that strike committees had been set up in most factories in the capital, as well as in Kirovabad, Azerbaijan's as in Kirovanad, Azerbajan's second city, and in the town of Shusha in Nagorno-Karabakh. The strike started just two days after Mr Yegor Ligachev,

the leading conservative in the Politburo in Moscow, launched another powerful attack on nationalist groups. Mr Ligachev warned ou Soviet television at the weekend that "nationalists and separatists of various bues are

actively working to weaken the Soviet leadership." However, the the Popular Front's decision to bold the strike may be due to the fact that Soviet television does not appear to have broadcast its interview with Mr Ligachev outside the Moscow region.

The strikers main demands are for an end to Moscow's administration of Nagorno-Krabakh, the territory disputed between Azerbaijan and Armenia and official recogni-tion for the Popular Front movement, which has har-nessed untlonalist feeling in

the republic.

The Popular Front had promised at the weekend that "90 per cent of all enterprises will fail to operate."

Yesterday, bowever, this prediction appeared optimistic, with at least three factories in Baku still operating, while Baku still operating, while many office workers sppeared to be turning up for work despite limited transport facili-

On Baku's quayside, the only visible activity yesterday morning was on a recently arrived Iranian freighter. Oil rig teams also reported for duty, although the Popular Front said that there would be a temporary embargo ou oil exports to the rest of the USSR.



Poland's Solidarity movement, yesterday criticised Commn-nist Party leaders who are trying to secure a significant share of posts in the nation's new Cahinet. He said the appointments should go to "reformers" rather than he awarded because of party alle-giance. In Bonn, a Communist Party secretary said the party was seeking to lead the minis-tries of Foreign Affairs, Inter-nal Affairs, Defence, Commu-nications and Culture as well as to obtain one of the deputy premierships. Becaut Page 12 premierships. Report, Page 18

republic as Azerbaijau. the Front might have expected more people to strike on its behalf yesterday, and the Front's failure to promote a full stoppage yesterday may indicate that the Kremlin's recent drive against nationalist groups has sapped people's confidence to protest.

Communist Party leaders beld several meetings with the Popular Front to try and get the strike called off. However, the Front is

already planning to bold another major rally in the capi-tal tomorrow evening at which it expects more than 100,000 people to turn up.

In a relatively tense situa-tion, the Soviet military bas also made its presence felt. Several Soviet army helicopters were yesterday surveying the streets of Baku from the

Mr Ebtidar Mamedov, a member of the Popular Front leadership, said that 6,000 Interior Ministry troops had been drafted in to the capital in the last week. They were not couspicuous, however, at a Popular Front rally in the centre of In such a fiercely nationalist town ou Saturday.

exchange, said that Saab had a Three European grocery chains to swap shares in joint venture

By Christopher Parkes, Consumer Industries Editor, in London

THREE of Europe's leading Dansk Supermarked of Den-grocery chains will swap mark, La Rinasceute from

shares to cement a large-scale international joint venture. Argyll of the UK, which runs the Safeway chain, Groupe Casino of France and Konink-lijke Ahold of the Netherlands will each exchange new shares worth Ecu50m (about \$56m) for shareholdings in each of the other two companies, Argyll said. The deal is expected to be completed towards the end of

Each group will hold a one-third interest in a new company, The European Retail Alliance, which will probably be based in Luxembourg and which will devise and execute plans to exploit opportunities in marketing, distribution, pur-chasing, production and man-agement information systems. Pan-European joint buying will be handled through a sepa-rate company, Associated Mar-keting Services, registered in Switzerland, which will involve

four other participants from

mark, La Rinasceute from Italy, ICA of Sweden and Mig-ros of Switzerland.

Mr David Webster, deputy chairman of Argyll, said: "We are tying up, bit by bit, all the major retailers across Europe." Joint ventures of this type are expected to become more common as completion of the

European Community's internal market approaches. They offer participants an alternative means of expansion without damaging takeover battles, economies of scale, and are an effectiva counter to concentration among consumer goods manufacturers.

One of the main aims of the 1992 single market programme is to allow a product sold in one country to be distributed freely in all the others. This has led manufacturers to seek scale economies by focusing output of many prod-

ucts in two or three European

countries where formerly they tended to have factories in

each member state. Reckitt &

Colman of the UK rationalised production of several household products in this way. Manufacturer power is also

growing through acquisition, as in the purchase of Rowntree by Nestle, and the more recent takeover of Kraft by Philip

Morris of the US, which already owned General Foods. Mr Webster said manufacturers would soon have to negoti-ate with one of the higgest customer groups in Europe. The retailers would benefit from enhanced purchasing power, which would reduce costs and

increase margin efficiency.

The three members of the alliance, which last year had aggregate sales of £11.5hn, will also be able to improve efficiency through sharing quality assurance work, distribution

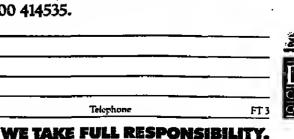
Mr Alistair Grant, chairman and chief executive of Argyll will be the first chairman of The European Retail Alliance, and the post will rotate among heads of the founder members. Lex, Page 18

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EUROPEAN NEWS

Political impetus builds behind hopes for free market in insurance

Legal headaches abound but the French Government is pressing hard for progress in breaking down barriers, Tim Dickson reports

■ HE fiercely contested bid for Groupe Victoire, together with Axa Midi's open ambitions to acquire Farmers of the US. have suddenly transformed France into Europe's most lively and excit-

However, over the next few months the Paris Government is hoping that some of the attention will shift to the European Community's main political arena in Brus-

term as President of the EC's Council of Ministers, France is demanding a tough work schedule from those attempting to huild a market free of barriers in insurance services. Four main issues have been identified at this stage — including Commission proposals to liberalise individual life insurance and harmouise insurance company accounts – and the aim which has been clearly set is to make significant political progress in all four negotiations by the end of Decem-

The expectation of political movement, meanwhile, has been fuelled by Sir Leon Brittan, the EC's Commissioner in charge of financial services, who has dropped strong hints that, following the EC's successful efforts to break down barriers in banking over the first six months of 1989, he intends to turn his energies elsewhere in the second half of the

Insurance is indeed a tempting target given the burdles that remain to be cleared by 1992 - but it is also an awkward coconut for

The EC's objective of a free European market in insurance products sends shudders of political appre-hension through many member states, for example, and creates iegal beadaches for its own policy

Home country control as in the banking sector remains the Commission's preferred instrument that is to say insurance companies properly established and supervised in one member country should be allowed to do business in others. But with 12 different legal traditions and accounting conventions to take into account, detailed harmonisation is considered essential in some technical areas, while a less than dogmatic interpretation of the mutual recognition principle is required in others.

No one in Brussels really expects that all the EC's 320m cirizens are going to sbop around from Bremen to Barcelona for their personal life

cover and car insurance. But with premium rates up to 10 times higher in some parts of the EC than others, according to a consumer survey last year, the goal of a single market is thought to be well worth attaining for big European companies and for the 60m or so inhabitants with live in the bodger writing. ants who live in the border regions

between member states. The first steps towards a single market in reinsurance were taken in the 1960s, while the main rights of establishment both for non-life insurance companies (1973) and life insurance companies (1979) were negotiated during the following decade. The right of establishment, however, only gives access to 12 national markets: as those involved in the programme are all too vividly aware, it does not weld them into

In seeking to promote the more radical freedom to provide insurance services — the right in other words of a company based in one country to cover risks and policy holders in another member state without having an office there -Brussels took the issue in the mid-1980s to the European Court.

The result was ambiguous. While the Luxembourg indges appeared on the one hand to strike a blow for laissez faire — finding in the crucial

case in favour of the Commission against West Germany's restrictive supervision laws requiring estab-lishment as a precondition for doing business—they also entered some

strong caveats.

Essentially the Court's message
was that insurance is a sensitive matter, that consumer protection may not be needed in every case, but that pending further technical

No one expects that the EC's 320m citizens will shop around for life cover and car insurance but a single market is thought to be well worth attaining

harmonisation of Community law the state where the insurance services are being provided was enti-tled to require insurers to observe

most of its supervisory rules.

The big political breakthrough nevertheless came in June last year when the Council of Ministers for-mally adopted the so-called Second Non-Life directive covering big industrial risks. Unblocked to a large extent by the majority voting procedures introduced in the Rome Treaty amendment known as the

Single European Act, the directive means that after a phasing in period which lasts until the end of 1992 which lasts until the cial of lasts units as "big risks" will have free access to buy property and liability cover from insurance concerns based elsewhere

in the Community.

The scope of this directive deliberately excludes the complex question of motor insurance, an omission which was put right when Brussels tabled a proposal on compulsory third party risks last

Bnt while this measure, which essentially applies to fleet buyers rather than private motorists, does not figure on the list of French pri-orities, Mr Pierre Bérégovoy, the French Economics and Finance Minister, will be hoping to make progress on an earlier draft directive designed to protect passengers killed or injured in an uninsured car. The matter has been discussed. twice by working parties from the member states, with Greece and Ireland understood to have been the

most wary. Life assurance, meanwhile, is even more delicate than uon-life given that, group pension schemes apart, there is really no "big risks" equivalent in this sector. This is why the Commission's first step

towards freeing life insurance services, also taken last December, is limited to policy holders seeking cover in other member states on their "own initiative" (by nicking up the telephone, writing, or actually going there). The French Presidency hopes that provisional Council agreement — the so-called common position — can be reached by Chrismas.

Two other achievements which France hopes to notch up are final

Two other achievements which France hopes to notch up are final agreement on the EC/Swiss insurance accord, which grants equal right of establishment for companies covering non-life risks, and progress on the crucial insurance accounts directive.

the remaining gap left in the area of EC accounts harmonisation; through providing sufficient harmonisation of member states. harmonisation of member states' prudential requirements it could lay the basis for fuller liberalisation in both life and non-life insurance services. In this context it is worth noting that the Parliament took two years to deliver its opinion — typical of the lack of urgency in insurance matters which has been demonstrated by all EC institutions in the past.

the past.
Also on the table, but not on the

formal agenda of the French Presi formal agenda of the French Presi-dency, is a proposal on winding up insurance companies and the long-standing and endlessly debated draft directive on the harmonisa-tion of contract law (policy condi-tions). The latter appears clinically dead, even if the life support system has not yet been switched off, and it now seems to be generally accepted that contract law is one area where a light touch on the Euro tiller (allowing host country control to (allowing host country control to prevail) will reap worthwhile politi-

prevail) will reap worthwhite point-cal rewards.
Further directives known to be under discussion inside the Com-mission will cover cross-border pro-vision of group pension contracts— technically complex and politically contentious but of great potential benefit to multi-national corporate environments—and "mass risks" in benefit to multi-factional corporate customers — and "mass risks" in the life and non-life fields. These last two can be seen as the biggest prize but they will only be won if over the next few years there exists the right combination of consumer pressure, political flexibility and all-round willingness to embrace the principles of 1992. the principles of 1992. Confronted with the action on its

own doorstep the French Govern-ment - Presidency responsibilities and ambitions apart - appears to be seeing the point.

Executives

deny arms

smuggling

THREE former executives of

Bofors, the Swedish armaments company, pleaded not guilty yesterday to charges of arms smuggling at the beginning of a trial which could denego the Covernment's representations.

damage the Government's rep-

utation as a promoter of inter-

The three admit that they shipped anti-aircraft missiles

and ammunition to the Persian

Gulf, an area ruled out of bounds by Sweden's strict arms export laws, but claim they did it with the covert con-

Former Bofors managing director Martin Ardbo, sales director Lennart Palsson, and

export director Hans Ekblom

are charged with smuggling 300 RBS-70 anti-aircraft mis-siles to Dubai and Bahrain in

1979 and 1980 and anti-aircraft

shelis to Oman in 1985. The charges are the result of

four-year investigation into

allegations that Bofors engaged

sales to the Middle East and

south-east Asia. Similar accu-

sations have been levelled

against FFV, the state-owned

The three accused have

received unexpected support

from the Swedish Peace and

Arbitration Society, whose complaints originally triggered

the investigation into the com-

pany's affairs. The society also contends that Bofors received

secret government backing in

The pacifist group claims

that the Government saw the illegal exports as the only

means of keeping the country's

sent of the Government.

national disarmament.

charges

By John Burton in Stockholm

Hungary to downgrade role of Communist party

By Judy Dempsey in Budapest

ALL references to the leading role of the ruling Communist party will he dropped from Hungary's constitution under proposed amendments which instead will invest powers in three new institutions aimed at introducing checks and bal-ances into the country's parliameutary system.

The amendments, the first set to be made to the 1949 coustitution drawn up by the ruling Hungarian Communist party, which endowed the party with omnipotent powers, will belp make the difficult and unprecedented transition from one-party state to a

multi-party system.

The current preamble to the constitution, which defines the political nature of Hungary as a "People's Republic" and lays out the leading role of the Hungarian Communist party throughout society, will be scrapped.
Instead the diversity of the

Hungarian political system will be stressed as well as the diversity of property rights which ial before the law "The unity of powers was invested in the present consti-tution. We now have to get rid of this concept. In future, the state must distribute power throughout society," said Mr Tibor Bogdan, a member of the staff for Constitutional Law Codification which is, in effect, the commission attached to the

amendments. However, the amendments already face considerable opposition from independent political groups which, among other

Ministry of Justice which is

responsible for drawing up the

HUNGARIAN officials and international aid organisa-tions in Budapest yesterday were silent about the thou-sands of East German refugees waiting to leave Hungary for West Germany, writes Judy Dempsey, West German passports were yesterday issued to more than 4,000 East Germans waiting in three camps, two in

Budapest and one on the shores of Lake Balaton. The date of their departure is still being discussed by West German, Hungarian and Aus-trian anthorities, Austrian officials of the state rallways yesterday confirmed that additional trains would be organ-ised over the next few days. They also say the exodus could

start tomorrow.
It is unclear how many East Germans will leave for the West. Austrian officials put the figure between 15,000 and 20,000. So far, there are 6,000 East Germans registered in the three camps in Hungary.

things, want parliament to play a greater role in the election of the President. The amendments, which it is

boped would be adopted by parliament or by referendum, before the free parliamentary elections - which might now take place in December or next January - include three main

The presidency, whose powers will go well beyond its current status • Establishment of a constitutional court. • Setting up a special state

which will oversee the annual

budget.
The amendments will also redefine the concept of buman rights, strengthen the role of the individual and devolve greater powers to local govern-

institution, along the lines of

the Treasury in Great Britain,

The new role of the President, which many expect to be Mr Imre Pozsgay, the leading Communist party reformer and a member of the four-man party praesidium, has proved to be the most controversial. According to Mr Bogdan, the Commission wants the President to be elected in a direct

vote and not by parliament.
For its part, the Opposition
insists that the President be
elected by parliament, partly because the chances of its own candidate being chosen could be increased. But thee seems to be a grow-

ing consensus that any future President should not be head of the executive power, nor should the post be merely cere-The idea is that such a post should act as a kind of "balancing act inside parliament and between parliament and the government," said Mr Bogdan. It is also envisaged that the President should have the power to appoint a govern-ment, dissolve parliament under certain circumstances and play an active role in inter-national affairs. But Mr Bogdan yesterday stressed that "the President should not be allowed to interfere in the day-to-day running of the gov-ernment".

Big Peugeot investment in new car

By John Griffiths

PSA, THE French motor group embracing Peugeot and Citroen, has invested FFr6hn (£580m) in its new Peugeot 605 range of executive cars, which is officially unveiled today.

Peugeot has begun producing 500 units a week at its Sochaux facility near Basie. It expects to lift output to around

1,250 by the end of this year and to 2,000-2,500 in 1990. The group is investing FFr9bn at Sochaux, France's single largest industrial site employing 23,000, which, by 1994, should be capable of building several different vehicles simultaneously on robotised production lines at more than 400,000 units a year.

PSA expects the 605 both to PSA expects the 605 both to substantially boost group profitability and to take it closer to market and production leadership in Western Europe. In the first seven months of this year, the group was ranked third in terms of market share with 12.7 per cent, compared with 14.8 per cent for VW and 15.5 per cent for Fiat.

The 605 is targeted at a West European sector which accounts for roughly 14 per cent of all new cars, equivalent to some 1.7m sales last year.

Last year Peugeot had only a 2.7 per cent share of the sector. and Citroen 1.8. However, this is expected to rise sharply as a result of the introduction of the XM, Citroen's own new executive sector candidate in March. PSA has invested FFr7bn in the XM alone. In April it announced operating profits for last year of FFT17.6bn, up from FFT11.6bn the previous year. Technology, Page 39



Summit opens with foul weather warning

Argentine President Carlos Menem (right) greeis Yassir Arafat in Belgrade yesterday at the ninth annual summit of the Non-Aligned

pledged to do so through negotiations with developed world.

President Robert Mugabe of Zimbabwe, meanwhile, stepped down as chairman of the Non-Aligned Movement at the Belgrade meeting with a warning to his Yugoslavian successor not to dilute the organisation's principles for the sake of reform.

Comparing the movement to "a ship tossing in troubled waters," President Mugabe said in his farewell address that fresh winds on the international scene would not automatically blow it in the right direction.

"We have to take control and pilot the ship into port, otherwise the wind might blow us into the cliffs," he said.

"Our rejection of imperialism, colonialism and racism – including zionism – is based on fundamental principles and is not negotiable,"

Yugoslavia, the new chairman, is promising

to modernise the movement and says outdated ideological stands should be dropped. But many nations are resisting.

Movement.

President Mugabe acknowledged that the
President Carlos Menem, in his speech to the Third World's economic plight had got worse
summit, said Argentina would continue to seek. during the 1980s and that little progress had
sovereignty over the Falkland Islands but been made in opening a dialogue with the

the movement was echoed by former Tanzanian president Julius Nyerere who said there was nothing to suggest the economic situation

"Our people are constantly being called on to tighten their belts and make sacrifices - why?

So that northern banks can balance their books and make a profit," he said. Mr Nyerere said the non-aligned countries

must overcome their disunity to negotiate suc-cessfully with the developed world and plan their own economic strategy. "The Non-Aligned Movement cannot afford to

forget that imperialism is not dead. We do not follow through the logic of working together,"

"This movement, despite the efforts of our chairman, hardly exists between summits."

Dutch election outcome on a knife edge

THE NETHERLANDS goes to the polls tomorrow with the Christian Democrat-Liberal coalition Government neckand-neck with the opposition Labour Party, according to the latest public opinion poll.

It suggests the centre-right coalition, led by Mr Ruud Lub-bers, would win 75 of the 150 seats in the Tweede Kamer (lower house), one short of a governing majority. InterView, the polling concern, said the coalition's chance of maintaining its majority was 50-50.

would remain the largest party in Parliament with 53 seats. They are expected to try to form a coalition with the right-of-centre Liberals if the two keep their governing majority. Their partnership, which ruled under Mr Lubbers since 1982, collapsed last May in disagreement over the finan-cing of a comprebensive envi-ronmental clean-up plan.

The opinion poll suggests the Liberals, who brought the Government down, would lose

The Christian Democrats five seats - apparently as punishment by the electorate and end up with 22.

If the old coalition cannot be

re-established, the Christian Democrats are expected to turn to Labour, led by Mr Wim Kok. The Socialists, in opposition benches for most of the past decade, are on course to win 49 seats, according to the opinion poll — three less than now.

The InterView poll, among the last before the course helps the last before the general elec-tion, was considered decisive

de Hond, head of the company, believes many voters switched to the Liberals at the last moment because his poll fore-cast that the governing coalition would lose its majority. The biggest winner would be Green Left, a new alliance of

four left-wing parties (Pacifists, Radicals, Communists and Evangelicals but excluding the Green party) which champion environmental issues. It would capture eight seats, up from three now, apparently siphon-ing vates from Labour.

W German growth 'will exceed 3%' "In 1990 we are likely to have a three before the decimal

Germany next year is likely to exceed current forecasts and grow by at least 3 per cent, Finance Minister Theo Waigel predicted yesterday, Reuter reports from Bonn.

Mr Waigel's estimate for Europe's largest economy was more optimistic than that made last month by Economics Minister Helmut Haussmann Mr Hanssmaun estimated that Gross National Product (GNP) growth in the 1990's

point," Mr Waigel said in a speech to parliament during the first reading of next year's federal budget. The Government expects a

1969 growth of 3.5 per cent, but the Bundesbank, West Germany's central bank, says

plans for a higher federal bud-get deficit next year. He said the 1990 deficit was expected to rise to DM33bn (\$17bn) partly because of the introduction of income tax cuts as part of a major tax reform programme introduced this year. "Our decisions are still based

on cutting expenditure and def-icits," Mr Waigel said. growth of more than 4 per cent is possible.

Mr Waigel said budgetary constraint was a key objective of government policy despite

Mr Waigel said. This was likely to fall to below DM25bn from a previous forecast of about DM25bn, Mr Waigel said.

arms industry profitable at a time of defence budget cut-Several independent judicial and parliamentary investiga-tions have found no evidence of government complicity, but three former foreign trade ministers, who had responsibility for approving arms sales, will be called to testify during the

arms firm.

trial. A trial of an official from Nobel Kemi, Bofors' sister ammunitions company, con-cerning the smuggling of gun-powder to the Middle East ended in an acquittal earlier

Spanish opposition picks poll candidate

Spain's Popular Party, the country's main opposition group, yesterday picked Mr josé Maria Aznar, a 35-year-old regional politician, to chal-lenge Mr Felipe Gonzalez, the socialist Prime Minister, in a general election on October 29, Reuter reports from Madrid. Mr Axnar, a former tax inspector who has been a mem-ber of parliament for seven years, was chosen by the national leadership of the Pop-

FINANCIAL TIMES

majority.

ular Party by an overwhelming

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last time in 1986. Mr Maurice would be between 2.5 and 3 per Swedish union aims to chart a high-tech course for industry Robert Taylor reports from Stockholm on plans by the powerful Metalworkers to encourage change in the economy

S WEDISH INDUSTRY is not finding it profitable enough to invest in new technology. We must make sure that we pursue the policies that will make the companies do so Mechanication is nies do so. Mechanisation is not a threat to our members

hut necessary for the country's

long-term survival." This statement by Mr Ing-mar Gorensson is the modern lauguage of Swedish trade unionism. He is one of the main authors of an ambitious and radical programme for the next decade hy the powerful Metalworkers Union which is being debated at the union's congress in Stockholm this week. "What we want is not week. "What we want is not something you would hear per-haps from most British unions

I know," he says. The union has always taken a positive view of structural change in industry. Earlier this decade it co-operated in the rapid rundown of Sweden's steel and shiphuilding industries. Now it is ready to press for the abolition of tens of thousands of what it regards as dirty, unskilled dead-end jobs

in the country's old manufacturing sector.
"It takes a strong union like

ours, not being in competition with others, to adopt such an attitude," he admits.
"The big difference between us and Britain is that here we have full employment, a com-prehensive training and labour market policy and a welfare state to ease the pain of indus-trial restructuring," be says. "If we hadn't, 1 am sure we would behave just like a British uniou because our mem-

bers would force us to do so." In fact, the uniou's new strategy demands an upheaval in Swedish manufacturing. In their analysis Mr Gorensson and his co-authors point out that their country's industrial recovery in the 1980s was due to an upturn in the large internationally-minded companies in smoke-stack industries like engineering, car production and pulp and paper. This underpinned the persistence of a large unskilled and semiskilled workforce doing monotouous and dangerous jobs, which, they claim, has worsened the problems of high labour turnover and sickness

The report also blames the Government's policy of high interest rates and low labour costs, "It was a very anti-Swedish way out of the crisis," asserts Mr Gorensson. "Tradi-tionally we have favoured low interest rates and high labour costs to ensure the success of the Swedish model."
But the positive union atti-

tude to the necessity for structural change also emerges from an utteriy different philosophy of industrial relations than that in Britain. The Metalworkers have always been at the forefront of the campaign for wage solidarity.
"We have never accepted

that a worker's pay should be determined by the size of a company's profits or lahonr market laws of supply and demand. Our basic aim has always heeu to try to minimise market influences on pay determination," says Mr Gor-ensson. As a result, negotiators at industry-wide level have sought to ensure that wage levels between workers in the same plants and between plants remain broadly similar to the rest of the Swedish labour market.

labour market.

Wage solidarity has meant negotiating on a centrally agreed wage norm applicable to all companies. Those that could not pay it went out of business; profitable employers paid less than they could afford. The problem, as Metalworkers' leaders admit, is that an explication wages policy in an egalitarian wages policy in a successful market economy has enabled some companies to accrue very large profits hut also ensured worker mobility from the poorer employers to

Now Mr Gorenssou and his colleagues want to pressure the companies into fundamental change, to use their liquid-ity to develop high technology products in areas like energy and communications which will generate more interesting and skilled jobs. The Metalworkers are anx-

ious to see the growth of

socially useful production.

linking market needs with

community aspirations. This would mean union negotiators demanding that employers invest in high technology prod-ucts both through collective bargaining and the industrial democracy system that gives the union a voice in company decision-making. It would also mean establish-

ing a government policy to encourage private companies in the same direction, perhaps through a more discriminatory approach to public contract tendering and purchase as well as a differential form of corpo-

Sweden can never be competitive in low-tech production. We should take advantage of our highly devel-oped education system to build up and use an even more skilled and flexible workforce." This would mean fewer workers in manufacturing, but he helieves the naion would accept a contraction in the workforce so long as it does not lead to unemployment. But he also admits that the

union does not yet see how the ditional shareholders would technological change can be brought about. "Our policy at the moment is presenting a challenge and not an answer."

Indeed, the process might not be particularly smooth.

The pressures undermining the socially cohesive system of Swedish industrial relations have grown much stronger during the 1980s as market

forces have begun to fragment shopfloor opinion.
Half the average metalworkers's pay is now decided locally and not at national level, so and not at national level, so that supply and demand, company ability to pay and individual effort play a much larger part in wage determination than they used to. Moreover, much to the distaste of Metalworkers' leaders, many members have accepted convertible loans from their profitable employers, providing them with windfall gains linked to the impressive performance of

their companies. Mr Gorensson wants the convertibles taxed even though this will hit his members' living standards. By contrast, tra-

the impressive performance of

not suffer such consequences. In fact, the union is trying, in his words, to "regain control at the centre." That may prove difficult to achieve in today's

difficult to achieve in today's acquisitive climate.

Recently, Mr Gosta Rehn, Sweden's legendary influence on post-war economic policymaking, rang Mr Gorensson to encourage him in his visionary efforts. "What you are trying to do is the same as we did 30 years ago," he told him. Indeed, the Metalworkers' plan is very much a new policy is very much a new policy based on old values. The challenge for Sweden's most influential union will be to convince its own rank-and-file that this makes sense. For his part, Mr Gorensson has no doubts. We won't survive as a country unless we stay compet-itive. The crucial question is how we are to be competitive with our resources. The future of the Swedish welfare state means we must have a strategy, to restructure working life."

UK Trade Union Congress,

AMERICAN NEWS

Bush returns from vacation to speed N-arms diplomacy

returns to White House business today reinvigorated by a three-week seaside vacation and braced for a new round of high-level diplomacy with the

Soviet Union. Senior officials have prepared a new proposal on chemical weapons, and there are reports that some of Mr Bush's advisers would like to see faster progress on a pact with the Soviet Union to reduce strate-

gic nuclear weapons.
In this context, Mr James Baker, Secretary of State, is due to meet his Soviet counter-part, Mr Eduard Shevardnadze, in Wyoming on September 22-23 to discuss the full range of bilateral issues. If successful, the talks could produce a date for a summit of Mr Bush and President Mikhail Gorba-

chev.

Mr Bush's first priority, however, will be domestic politics.

Tomight, he is to deliver the ity in Congress has already

One and far tougher penalties uses to press for a cut in capital gains tax. This has infuriated Democratic leaders hat it

Executive

PRESIDENT George Bush first televised address to the nation since he took office in

January, unveiling an \$8bn package to tackle drug abuse in the US.

The address from the Oval Office used to be a favourite device of President Reagan. Mr Bush, who has a habit of

Bush, who has a habit of scrambling his syntax and has studiously avoided copying his predecessor's style, apparently took some persuading to appear before the cameras.

His eventual decision to go "live" reflects the high political stakes involved. Opinion polls show drug abuse is the main issue troubling the American public, well ahead of relations with the Soviet Union and the economy. Mr. Bush's package will focus on more rigorous will focus on more rigorous law enforcement, including more money for building pris-

opened its counter-offensive, declaring Mr Bush's plan does not provide enough money to fight a skirmish let alone a war, on drugs. However, faced by a formidable budget deficit and a popular president still resistant to new taxes, the Democrats are unlikely to persuade voters that more spend-

ing is the answer.

Greater friction between
Congress and the president on
tax and spending issues may
arise in the next few weeks, sgainst the backdrop of the October deadline for reducing the budget deficit to \$100m according to the Gramm-Rudman law. If Congress does not keep federal spending and revenue in line with the budget targets by October 15, antomatic spending cuts would then follow.

enjoys widespread support among the rank-and-file in the House of Representatives, A win for Mr Bush on capital gains would hand the Demo-

crats a stunning defeat. He plans to travel extensively around the country in the antumn, promoting his drug policy, his budget priori-ties and hetter education. Abroad, he will attend a summit of hemispheric leaders in Costa Rica – his fifth foreign trip since taking office.

Mr Bush has enjoyed a con-spicuously healthy holiday in Maine, where he golfed, drove about in a speedboat and, amid great delight, caught his one and only bluefish last Sunday. The frenetic activity contrasts with his innately cantioua approach to foreign policy, par-ticularly in the first few months in office. It may signal that a confident US leader is now ready to increase the pace

changes were small."

Likewise, Professor Martin Wattenberg from the University of California at Irvine

More drug war aircraft arrive in Colombia

By Sarita Kendall in Bogotá

AEROPLANES and belicopters sent by the US to support President Virgilio Barco's antidrug drive have begun to reach Colombia.

On Sunday two C-130 transport aircraft arrived here, and eight light combat jets were due at the northern port of Barranquilla late yesterday. Five more helicopters will

reinforce police units today.

The UK — which recently sent small arms, forensic and communications equipment to the police — promised further help when the British ambassador visited Mr Barco on Friday Other FC countries day. Other REC countries are also expected to provide equip-ment and technical assistance.

Mayhem hroke ont again yesterday morning when gun-men hurst into the airport at Medellin, home city of many of the hig drug dealers, and fired at passengers waiting to board flights. Two people, including one of the gunmen, died and 12 were injured.

In the last two weeks, cocaine trafficking groups have struck with a rash of bombings in Medellin.

The national daily newspaper El Espectador, whose main office in the capital Bogotá was badly damaged by a car homb early on Saturday nomb early on Saturday. hronght ont its Sunday and Monday editions. The car bomh was left in a petrol station close to the offices and printing plant.

More than 70 people - most of them on the main avenue outside — were hurt. Journal-ists swept up the rubble and restarted work. An editorial reaffirmed the paper's deter-mination to keep np its fight against drug traffickers.

Japan set to offer Mexico aid package worth \$2.5bn

By Richard Johns in Mexico City

A FINANCIAL aid package for Mexico worth at least \$2.5bn (£1.5bn) is the likely outcome of the three-day visit to Mexico of Mr Toshiki Kaifu, Japan's Prime Minister, who arrived here last night.

Full Mexican participation in the Pacific Basin trade group-ing and the prospects for increasing non-oil exports to Japan are expected to be Mexican priorities. Environmental conservation is also high on the agenda.

In mid-July, shortly before Mexico concluded its outline agreement on rescheduling and reduction of \$47bn of commercial bank debt, the Japanese embassy in Mexico confirmed Tokno would lond \$25bn Tokyo would lend \$2.5bn through the Japanese Export-Import Bank, \$1.5bn to be co-financed with the World Bank,

tional Monetary Fund.
The Exim Bank funding will be made available on generous terms, with grace of six-toseven years and repayment over 25 years at low interest rates, Mr Ryukichi Imai, Japan's ambassador to Mexico,

and \$1bn with the Interna-

was quoted as saying recently. Part of the money, with aid from the World Bank and the IMF, will be earmarked to to guarantee interest payments to the banks under the accord concluded on July 20. At the end of last year, Japan was Mexico's second big-

gest creditor, with loans out-standing of \$15.3bn which accounted for 18.9 per cent of the total, according to Mexican statistics. A proportion of Japanese aid is expected to be devoted to the

struggle against pollution in the Valley of Mexico. But a report from Tokyo that Japan would set aside \$1bo to support Mexico in its campaign against environmental contamination has been denied.

An accord between Mexico and Japan on the prevention and control of pollution was

signed last week. Mexican oil exports are also likely to figure in the exchanges. Early in June, Japan confirmed its commitment to renew next year its 180,000 b/d crude purchasing contract, accounting for about 13 per cent of Mexican exports and 5 per cent of Japanese requirements. But Mr Franciso Rochas, director general of the Mexican national oil company Pemex, apparently failed to secure a long-term accord.

US party alignments puzzle professors

THREE successive Republican presidential victories, control of the Senate by different parties at different times, and continued Democratic Party domination of the House of Representatives over the past decade have produced deep divisions among US political scientists about the behaviour of American priors

The annual four-day convention of the American Political Science Association in Atlanta – which attracted as many as would attend a Conservative Party or Labour Party conference in Britain --shows there is no unanimity about
whether there has been a fundamental realignment of US voters as a result of the Republican presidential successes.

Professors Merrill Shanks of the University of California at Berkeley and Warren Miller of Arizona State University have argued that shifting voter loyalty during

the 1990s, leading to the election of President George Bush, have "produced a massive party realignment, finally ending the New Beal-initiated Democratic hegemans." In the 1980s, a previous Democratic advantage in voters identifications with a party, of 16 to 13 percentage points, has been wiped out by the Republicans, while the latter's gains have extended from primarily the South to the whole country. This suggestion of durable change is, the professors argue, "unlikely to disappear by 1992 (the date of the next presidential election)."

However, Professor Herbert Weisberg of Ohio State University has argued that Republican hopes of realignment have not yet been fully realised. "Partisan shifts were in the Republican direction, but the argued that any realignment was hollow in that, while more voters called themselves Republican, fewer had any real

opinions about political parties.

Looking at the continued divided con-Looking at the continued divided control by the parties of the White House and Congress, Professor Byron Shafer from Nuffield College, Oxford University, argued that the US has "a highly distinctive electoral order" which has little to do with realignment. Republican control of the presidency was, for him, a reflection of the presidency was, for him, a reflection of growing conservation in foreign affairs. growing conservatism in foreign affairs and cultural values, while Democratic control of the House resulted from enduring liberal opinions on social and welfare

More Panama sanctions likely

By Tim Coone in Panama City

FURTHER US economic sanctions against Panama are expected to he announced (PDR), though, to step down under US pressure is tantamount to the surrender of Pantoday, following Washington's refusal to recognise the provi-sional government of President

Francisco Rodriguez. He was sworn into office on Friday, promising new elec-tions only when the US had lifted sanctions. Western diplomats in Pan-

ama also predict an intensification of US military manoeuvres to increase pressure on Gen-eral Manuel Antonio Noriega, head of the Panamanian Defence Forces (PDF) and de facto ruler of the country.

For the US Government and Panama's political opposition, a solution requires Gen Noriega's resignation. For him, the PDF and the ruling Democratic Revolutionary Party amanian sovereignty.

Control of the Panama Canal, now in US hands, is to pass to Panama in 1999, under the bilateral treaty of 1977. But the nationalist Gen Noriega claims that US pressure on removal of US military bases from Panama after 1999. The

treaty could allow this. The arrival of US military aircraft and pilots in Colombia last weekend, to join the drug war there, strengthens his case. They refuelled in Panama at US military bases. The Colombian drug barons

thus have a vested interest in Gen Noriega, in that his intransigence at an important logistical spot could make US

military interventions more difficult south of Panama. The main effort to shift Gen Noriega continued to focus on bankrupting his government and his close political associ-ates. Trade sanctions aimed at specific companies owned hy

Noriega allies, and/or a ban on Panamanian-registered ships from US ports, are the latest measures under consideration in Washington. More ships now appear on Panama's soipping register that on any other. Payments for ship inspections and annual registration fees, through Pan-amian consulates ahroad, are

thought to be important in the

Noriega government maintain-

ing political patronage. The opposition campaign against the government is also

Belizeans vote amid passport controversy-

By Canute James in Kingston

THE CONTROVERSIAL sale of thousands of acres of land to foreigners, the unorthodox availability of Belizean citizenship, and unemployment were main issues in the Belize general election yesterday. The incumbent United Dem-

ocratic Party, led by the Prime Minister Mr. Manuel Esquivel, was expected to lose ground in a close contest with the Peoples' United party of former premier Mr George Price. In the last election in 1984, the UDP won handsomely taking 21 of the 27 seats and ending three decades of PUP rule. Feeling is high over land sales to foreigners, and the presentation of Belizean passports

Far East, who purchase "citizenship bonds" by lending the government \$25,000 interest free for 10 years. Unemployment, at 15 per cent for the past eight years, is expected to give the PUP a big

to foreigners, mainly from the

slice of the youth vote. The economy of the former British colony of 166,000 peo-ple, on the east side of Central America - based on sugar, bananas, citrus and tourism grew by 7 per cent last year.

Liberals win support in Quebec poll campaign

By Robert Gibbens in Montreal

Voters will go to the polls on September 25.



A Sorecom poll, considered the most reliable, and taken between August 25 and 29 in the Canadian province, showed 48 per cent support for the Liberals, against 38 per cent for the opposition Parti Quebecois led by a former finance minis-ter, Mr Jacques Parizeau.

The Liberals admit their campaign was damaged by the

MR Robert Bourassa, Quebec's recentrefusal of dockers at Premier, and his Liberal Party have gained popularity half-way through the provincial ton in Britain, but the provincial ton in Britain and the provincial ton th their subsequent action late in August, when the waste was returned to Quebec and protes-

tors were handled firmly, turned public opinion. Mr Bourassa, an economist, was: first elected in 1970 as Cananda's youngest ever pro-vincial premier. He lost to the Parti Quebecois in 1976 when unions shifted towards separat-

After nine years of PQ rule, sa won a victory in December 1985 in an extraordinary political comeback. He now seeks re-election on his economic record and "special status" for the francophone province, negotiated with Can-

ada'a federal government. The Liberals' poll rating was up to 48 per cent, from 44 per cent and 37 per cent variously

earlier in Angust.
The latest poll also indicates that support is leaving the Equality Party, formed to attract the votes of English speakers who have been pro-testing against Mr Bourassa's refusal to allow other than French commercial signs in

A PROPERTY OF THE PARTY OF THE JACUAR If you're planning your ADR registration, follow Jaguar's lead.

When a company with a heritage like Jaguar's decided to issue ADRs in the US, you might have expected it to head straight for one of the traditional stock exchanges.

Instead, Jaguar chose to go for a listing on NASDAQ - the screen-based market of the National Association of Securities Dealers.

Why?

Was it because NASDAQ is America's fastest-growing stock market and has become - in less than two decades - the third-largest equities market in the world?

Was it because NASDAQ's electronic technology (so successful that it provided the model for London's SEAQ system) makes it a highly efficient, liquid and wellregulated market?

Was it because NASDAQ's system of competing market-

makers can offer issuers sponsorship, sales support and research coverage - something that cannot be provided by the single specialists on the traditional exchanges?

Or was it even that, since most of NASDAQ's income is derived from the sales of its price quotation information. introduction and listing costs are a mere fraction of those on other exchanges?

Whatever the reasons, Jaguar is not alone in thinking them compelling ones.

NASDAQ issuers include companies of the calibre of Cadbury-Schweppes, Reuters, Akzo, Volvo, Rhône-Poulenc and Toyota.

And some 1000 US companies who have met the financial requirements for listing on the New York Stock Exchange have chosen to stay with NASDAQ.

For full information on NASDAQ and the advantages it offers European companies seeking wider exposure and access to new capital markets, contact Lynton Jones,

Executive Director Europe, NASDAQ International, 43 London Wall, London EC2M 5TB. Tel; 01-3746969

The way a stock market ought to be.



OVERSEAS NEWS

South Korea plans radical reforms to update tax system

Maggie Ford reports on changes aimed at ironing out economic distortions and making more homes available enable people to plan how best to invest their assets under the new system.

Banks, insurance companies and securities firms are pres-ently devising new products to offer investors. Particular

and fiscal reforms over the oext 18 months aimed at revolutionising the country's economic structure. The country should emerge from the reforms with an

advanced internal economy, a Western-style tax system and a much more even distribution of wealth.

The reforms, unveiled by the Government this week, are designed to avoid some of the byproducts of economic suc-cess apparent in Japan and Taiwan which are already evident in Souto Korea. In all three countries the increasing wealth geoerated by trade surpluses has created a boom in property prices and a rapid increase in the value of financial assets such as stocks.

in South Korea last year the increase in land prices amounted to Won 68.000bn (£57bn) equal to 55 per cent of the country's gross national product. A class of speculators has benefited from the countries' economic boom, provok-ing increasing complaint from the middle and working classes who find home ownership mov-ing beyond their reach and a widening income gap between

By Lara Marlowe in West Beirut

FOUR Israeli jets staged a bombing raid on the southern Lebanese village of Majdal Bal-

his early yesterday morning, destroying the local headquar-ters of the radical Palestinian

Front for the Liberation of Pal-

estine - General Command

Foor guerrillas were reported to have been wounded

Later in the morning Israeli artillery positioned inside Israel's self-declared "security zone" in Southern Lebanon bombarded the market town of

Nabatiyeh, wounding seven Lebanese civilians. The town's

nopulation has grown from 35,000 to over 200,000 as Moslems fled artillery battles in Belrut for what they believed to be the safety of the south.

The Israeli attacks were in

apparent retaliation for three

Katyusba rockets fired from southern Lebanon into the

northern Israeli region of Gali-

lee last week. The Katyushas

caused no casualties but dam-

aged a house in the Israeli set-

The Israeli Government had

attacks last week, and it is not

clear why the Israeli air force

EGYPT this week despatched

two senior officials on a tour of

European capitals in an effort

to drum up support in advance of delicate negotiations with

the International Monetary

Fund on a new reform pack-

The Egyptian envoys' visits

to Paris and Bonn coincide with a strong campaign by Cairo to promote a spirit of sol-idarity among Third World debtor nations in dealings with

Western creditors.
Egypt last week sponsored a
three-day international semi-

nar on Africa's \$240bn foreign

debt. Egypt itself is Africa's most indebted nation with for-

eign debts of about \$50bn.

A team of senior IMF officlass is expected to return to

Egypt this month to finalise

negotiations on a standby arrangement thet would facili-tate a second Paris Club rescheduling of some \$10bn of

Egypt, whose sources of new credit have all but dried up, is

official debt.

tlement of Kiryat Shemona.

(PFLP-GC).

in the 2am attack.

OUTH KOREA plans tax the "haves" and the "have The growth in speculation and the income gap have been exacerbated in South Korea by the country's immature fiscal system. Speculators and other rich people have been able to avoid tax because of a system where real names do not have to be revealed when purchasing assets, either land or shares. Even bank accounts

may be opened in false names

on middle class salary-earners and skilled workers employed

Income tax has fallen mainly

hy hig companies. The South Korean Government has had little revenue for spending on anything other than education and defence for years. The reforms aim to change this system over an 18 month period. They cover four main

Computerisation of records on property transactions will be completed by January 1, 1990, after which punitive taxes of 6 per cent of land value every year will be levied on speculators, especially big companies, holding land zoned

Elias refugee camp yesterday to announce that it had 'exe-cuted' 15 people at midnight on

Sunday, including one woman.

Younis Amran, the FRC spokesman, said that all of them had been convicted of

"spying and collaboration" in individual trials over the past

"confessions" of all 15, who were identified as 11 Palestinians, 2 Egyptians, 1 Iraqi and a Lebanese. The spokesman declined to say where or how they had been killed.

The 15 had worked for Pales-

tinian organisations and attempted to "infiltrate" the FRC before their arrest, Amran

said, Almost all were pur-

ported to be double or triple agents, working for Western and Arab intelligence agencies.

The founder of the FRC is

Sabri al-Banna, alias Ahu Nidal, considered tha most

dangerous and unpredictable

The FRC had announced its

intention to execute 15 people

following the assassination on Angust 23 of Rahah Abdul Rahim, believed to have been a high-ranking aide to al-Banna.

Rahim was killed by gunmen at the entrance to the Ein

Helwe Palestinian camp in

of all Palestinian extremists,

The FRC showed video-taped

it.

A special windfall gains tax will be introduced on property which is being held in the hope of price rises, whether it is sold or not. Also, should the price rise by more than the average when the property is sold, a 50 per cent excess gain tax is to be levied on the increase beyond the average rise. This should reduce the current shortage of bomes — only 1.9 per cent of South Korea's land is suitable for bomes, 89 per cent being either mountains,

for housing without developing

forests, rivers or agricultural forests, rivers or agricultural land.

The domestic rates system will he reorganised so that owners of property will be assessed on market value rather than cost of construction. This will raise property tax revenue from 1.8 per cent of the total to around the 8 per cent level in more developed

cent level in more developed countries and will remove a benefit enjoyed almost exclusively by the rich.

Wanties or individuals holding several properties apart from their main home under

different names will be taxed at a higher rate. This may create some difficulties for older middle class parents who have bought flats for their children for fear that prices will rise beyond reach later. However, if prices stabilise, they should eventually benefit.

In January 1991, real names will be introduced for financial transactions and a study is

transactions and a study is underway on capital gains taxes. The Government will introduce a "real name exer-cise" in the middle of next year to explain the idea and to

public. But the Government expects strong resistance from hig companies and the rich. Bills will shortly be introduced into the National Assembly to enable the reforms to be introduced. Strong opposition can be expected in some sectors, especially among MPs who are themselves landown-

attention will be paid by the authorities to those with no

apparent income but who live

in luxury.

The new proposals have been greeted with enthusiasm by the vast majority of the

But the strength of public opinion in favour of the change is likely to deter the opposition parties, which have a majority in the Assembly, from voting against the plan.

After the land and stocks

reforms are instituted, the Government is expected to turn its attention to corporate taxation and the reform of the financial system.

Moscow warns over attacks on Kabul

THE Soviet Union warned Afghan rebels yesterday against further attacks on Kabul airport following a rocket attack that killed 16 people and injured 52 others, AP writes from Moscow. Mr Vadim Perfiliyev, a Poreign Ministry spokesman, read a statement at a news briefing

denouncing the attack on Sat-urday in which more than 20 rockets were fired at the airport.
"The Soviet Union cannot remain indifferent to terrorist actions of Peshewar merceactions of resident intercenaries, to their firing on the Afghan airport because they endanger the lives and safety of Soviet citizens and there is regular civil air traffic between Moscow, Tashkent and Kabul,"

the statement said.
Soviet troops withdrew from
Afghanistan on February 15,
but a limited number of diplomats and advisers remained

Mr Perfiliyev declined, however, to say what specific actions the Soviet Union would take in the event of future attacks on the airport.

UN official backs sanctions

Economic sanctions are the best weapon against South Africa's apartheid race laws, a UN official said yesterday, Reuter reports from Geneva. Reuter reports from Geneva.

"Sanctions do work and they are the only peaceful means of bringing apartheid to its heels," Mr Joseph Garba, chairman of the United Nations special commission on apartheid and a former Nigerian foreign minister, said.

Yesterday he opened two UN-sponsored conferences on apartheid, one dealing with the need to strengthen international awareness through the

tional awareness through the media and the other on Pre-toria's sanction-busting efforts.

Swapo prison probe

A UN delegation has gone to Angola to investigate claims that the South-West African People's Organisation is still holding prisoners in its camps, a UN spokesman said yesterda, AP reports from Windhoek. The UN team left on Satur-

day to inspect the camps at the invitation of Swapo, which says it has freed all its detainees in compliance with the UN plan for independence elec-tions in the South Africanruled territory.

Australian dispute

Australia's domestic airline crisis entered its third week yesterday while the Government considered its options in the gravest industrial dispute since Mr Boh Hawke, the Prime Minister, took office in 1984, AP reports from Sydney. The country's 1,640 domestic pilots walked off the job 16 days ago over demands for a 30 ner cent pay increase. per cent pay increase.

NZ dockers return

Naw Zealand dock workers returned to work yesterday after a four-day national strike but a rift over an employers' plan to reform the industry remained as wide as ever, Reu-ter reports from Wellington. Port officials said Waterside Workers Union workers resumed handling cargoes after about 100 ships had been

Sri Lankan attack

Sinhalese rebels attacked three police stations and two secu-rity posts simultaneously in Sii Lanka's central Kandy dis-Sri Lanka's central Kandy district on Sunday night, military sources said yesterday, Reuter reports from Colombo. They said the police repulsed the raiders, suspected members of the People's Liberation Front which is trying to overthrow the Government.

Buddhist anger over education corruption charges

Gandhi

cover-up

By David Housego in New

denies

By Maggle Ford in Seoul

Israeli warplanes destroy HQ

of militant Palestinian group

Ahmed Jibril, tha leader of the PFLP-GC, has allied himself with Hizbollah. The bombard-

ment of Nabatiyeb may have

been an attempt to punish Leb-anese Shias for the actions of

Yesterday's bombing raid was only the latest in a series of attacks and counter-attacks

which began with the Israeli

kidnapping on July 28 of Sheikh Abdul Karim Obeid, a Shia Moslem cleric from the

southern Lebanese village of Jibsheet. Mr Hussein Mussawi, a Hizboliah military leader, told a Hizboliah rally in the

sonthern Bekaa valley over the weekend that Sheikh Obeld did

not have the importance in the movement that Israel was

Seventeen people have been killed and another 98 wounded

in 11 Israeli bomhing raids

over Lebanon this year, Israel briefly stopped its daily recon-naissance flights over Beirut

after reports that the French navy had requested the Israeli air force to suspend its over-

flights above the city. But two

Meanwhile, the radical Pales-

tinian Fatah Revolutionary

Egypt seeks European support

Israeli jets again broke the

attributing to him.

blamed the pro-Iranian Hizbol-lab militia for the rocket sound barrier above West Bei-rut early yesterday afternoon.

attacked a PFLP-GC rather council (FRC) held a press contain a Hizbollah target. Mr ference in the West Beirut Mar

A Sonth Korean Government attempt to crack down on corruption in the education system has succeeded only in enraging the country's Buddhist com-munity, nominally half the population. The president and chairman of Seoul's Dongguk University, both Buddhist monks, along with a professor and two officials, were last week arrested and charged with corruptly receiving Won2.13bn (£2.05m).

Prosecution officials alleged that they had admitted 46 unqualified stu-

dents to the university through falsifydents to the university through falsifying their entrance examination results. Competition for places at top colleges is fierce. Six riot policemen were killed earlier this year in the provincial city of Pusan in a petrol bomb incident which started as a demnustration against unfair admissions.

The prosecution has charged the Buddhist scholars with accepting up to Won100m from students (a place in the medical faculty was alleged to be the most costly) in return for upgrading

their examination answers at the university computer centre to achieve the

Corruption in the education system is regarded as a serious problem by many parents in South Korea, but criticism has grown over the arrest of such

At a leading temple 200 monks dem-onstrated yesterday against the arrests and 300 professors at the university strongly protested against what they described as yictimisation. Meanwhile,

unrest at high schools over the Govern-ment's sacking of more than 1,000 teachers who are trying to form a union is spreading. A school principal was pelted with rotten eggs and ejected from his school in the provincial city of Kwangju for complaining to the police about a sacked teacher who continued to report for work.

In Ulsan, another provincial city, the teachers' union office was attacked by thugs armed with steel pipes and four teachers were injured.

MR RAJIV GANDHI, the Indian Prime Minister, has denied allegations made by the former head of the Indian army that he was involved in a cover-up of the Bofors scandal. Mr Gandhi said he had not tried to stop the Defence Ministry from putting pressure on Bofors, the Swedisb arms group, to reveal the names of those to whom they had made

illegal commission payments to win a large artillery con-tract. Gen K. Sundarji, former Army Chief of Staff, accused the Premier at the weekend of being directly involved in cover-up attempts. Talking to reporters, Mr Gandhi said: "The amount of pressure put on Bofors from my office [to reveal names]: I do not think he [Gen Sundarji] knows or could under-

stand. . . Meanwhile, the Janata Dal, the main opposition group, announced yesterday that it would launch a country-wide programme to force the Government to quit in the light of Gen Sundarji's disclosures.



Police restraining anti-government protesters outside the house of Home Minister, Mr Buta Singh

Palestinians urged not to kill suspects

UNDERGROUND leaders of the Palestinian uprising yes-terday urged fellow Arabs not to kill those suspected of col-laborating with Israel unless such attacks are approved by the leaders themselves, AP reports from Jerusalem.

The statement appeared to be aimed at stemming a rash of killings that have left 106 Arabs dead since the uprising began in December 1987. Most were accused of collaborating, and some were suspected of drug sales nr prostitution. Nearly two-thirds of the killings have occurred this year. In the 21-month uprising aimed at ending Israeli rule in the occupied West Bank and Gaza Strip, 557 Palestinians have been killed by Israeli soldiers or civilians and 39

Israelis have died. Seven Palestinians were reported wounded by army gunfire, including an 18-year-old youth who was in critical condition with a plastic bullet wound to the head. His injury was sustained when soldiers raided the Al Amari refugee camp north of Jerusalem, Arab

Party head in the ministry, an indication that Wang's position was already threatened.

The television news, in explaining his removal, said "Comrade Wang Meng is one of

trate on his writing." While this is a more graceful method of removing him than outright dismissal, it is a pointer to the

Wang has suffered previ-ously for his liberal attitudes. In 1957 he was labelled a right-

cratic China was announced yesterday by an exiled Chinese official, Chen Yizi.

Chen formerly headed Peking's Institute for Eco-nomic Structural Reform, a think-tank set up by the nowdismissed party general secre-tary, Zhao Ziyang. The front will hold its first congress from September 22-25.
Of Western governments, the

Of Western governments, the French have been the most welcoming to Chinese dissidents, according to Li Lu, the 23-year-old student from Nanjing University who is No. 2 on Peking's most-wanted list.

Li, speaking in London yesterday, said that the organisation would have an important role in the future of China

dent movement was handled.
"Wa made people feel that
politics was an individual

Abn Ghazala: special case anxious to continue a process of orderly rescheduling in the hope that this will encourage

fresh assistance from abroad.
Western officials report that
Egypt and the IMF are relatively close to signing a letter
of intent, but that some differences over the the bndget defi-Dr Atef Ebeid, Egypt's Minis-

former Defence Minister and now special presidential adviser, Abdel Halim Abu Ghazala will lobby top French and German finance ministry offi-cials in an effort to persuade them that Egypt is a special case and deserving of lenient The IMF's 1987 standby

agreement with Egypt was one of the most liberal it had ever negotiated, but the arrangement collapsed within a few months after Egypt failed to meet performance targets on reductions in its budget deficit. Mr Atef Sedki, Egypt's Prime Minister, said this week that the two envoys were being sent to Europe "in the framework of current consultations between Egypt and some international financial institutions, like the IMF and the World Bank". Egypt also has its eye on the forthcoming annual meetings in Washington of the IMF and World Bank to be held between

Peking cultural purge widens

WANG MENG, a novelist who supported the rights of artists to creative freedom, has been ousted as China's Culture Minister, the country's national television news said yesterday. His dismissal is confirmation that China's new hardline lead-ership intends to pursue a campaign to purge freer-thinking intellectuals wherever possible. He is the highest-ranking

government official to lose his position since the June 4 mili-tary crackdown on the student movement which ushered in a nationwide campaign against Western liberalism. China Central Television

china Central Television said the Central Committee of the National People's Congress removed Wang, 54, and appointed He Jingzhi, a poet and deputy head of the party Propaganda Department, to take his place. Last month be replaced Wang as Communist Party head in the ministry and

our famous writers (wbo) repeatedly asked to be relieved of his official posts to concen-

cultural intolerance now to be expected of the leadership.

ist for penning a short story which implicitly criticised which implicitly criticised party hacks. He was not rehabilitated till 1957. He spent the intervening years in Xinjiang, China's huge far-western desert region, learning Uighur, the local Turkic language.

Wang was optimistic about the success of Deng Xiaoping's reforms, however, noting in 1966 when China's intellectual debates were at their freest, that "scholars don't need to be worried about what they think

worried about what they think and what they express. His dismissal now will be a signal to all Chinese writers, if they have not already got the message, that period is now closed. • Intellectuals who have fied China since June 4 are to found a new movement in Paris to promote a change of leadership in Peking, Colina MacDougall writes. The foun-ding of the Front for a Demo-

role in the future of China.

"We have changed history.

The present government cannot last long. Even officials within the Communist Party disagree with the way the student programment was the student with the way the student was the student with the way the student was the student wa

responsibility. Before the democracy movement, they thought only high officials were involved in politics now they realise it's part of daily life," he said.

Mugabe puts land issue at forefront of political agenda Tony Hawkins examines the Zimbabwe leader's proposals for compulsory acquisition of white-owned farmland

AND is back on the political agenda in Zimbahwe, with potentially able or face the spectre of compolitical agenda in Zim-babwe, with potentially far-reaching repercussions for the country's economy. President Robert Mngabe has raised the possibility of amending the country's constitution next April to enable the Government to acquire compulsorily white-owned commer-cial farming land, rather than

purchase it on a "willing-seller, willing-buyer" basis, as under the present rules.

The only surprise in this development is that the land issue, which lay at the beat issue – which lay at the heart of the guerrilla war that lead to independence in 1980 – has lain dormant for so long. When it took office nearly a decade ago the Government pledged to resettle 162,000 families by 1985. Latest figures

show that only 52,000 families have been resettled. Both Pres-

ident Mugabe and Mr Joshua

Nkomo, leader of the minority

Zapu party, have bluntly told

drive in its tracks' Even after the sale of some 3m bectares of commercially-owned land, the 4,200 (mainly white) commercial farmers still own a third of land area. Some 750,000 communal farmers in the areas traditionally reserved for blacks, and where there is no freebold tenure, own 42 per cent. A further 3.5 per cent is in the hands of the small-scale black commercial farmers and nearly 7 per cent is occupied

pulsory acquisition.
With government popularity

at a low ebb and elections due some time next year, this is a surefire vote-winner.

The existing land dispensa-tion is clearly inequitable.

'The redistribution

policy could stop the foreign investment

by black families living on land resettled since 1980. Thus the case for land reset-tlement, on grounds of fairness at least, is overwhelming. Whether it can be mede to stand up economically is quite another matter. It is flawed perhaps fatally so - for sev-

perhaps latally so — for several reasons.

It is a once-off operation. It might be possible to find enough land to satisfy the present generation. But with the population growing at 2.9 per cent annually, land bunger will soon revive (unless the spread of Aids in Zimbabwe takes a dramatic toll, as some doctors fear). doctors fear).

• Implementation of the reset-

tlement programme to date has been weak. No effort has been made to select settlers on the basis of farming ability with the result that, all too often, those who have been given land have failed to make good use of it. • Land redistribution will not

unemployment problem. Com-mercial farmers insist that only in exceptional instances will small-farm settlement genwill amain and sectioned gen-erate increased employment. At worst, there could be a decline, since resettlement could result in fewer families, possibly with lower incomes,

solve the rapidly worsening

Industry and commerce now face the accusation that they are blocking black advancement

living on commercially-owned land than at present.

But even if this is wrong, and even if, as some government officials claim, there are vast tracts of under-utilised commercial land that could be farmed profitably, there is a further problem. The education system is turning out school-leavers seeking employment in towns and cities as bankclerks, computer programmers,

salesmen, secretaries and receptionists, not as peasant farmers.
It is clear that the formal

It is clear that the formal economy will not generate anything like enough jobs for the 300,000 secondary school-leavers - with O-level and A-level qualifications - that will flood the market each year from 1991 onwards. But it's equally clear that few of them will be saitsfied with a few hectares of land in the rural areas.

fied with a few hectares of land in the rural areas.

The economics of agriculture in Zimbabwe militate against radical land redistribution. While the small-farm sector raised its share of marketed output from less than 6 per cent in 1980 to 20 per cent last year, there are signs that has levelled out and that in future the rate of increase will be far the rate of increase will be far slower. Furthermore, because there is little irrigation in the communal areas, ontput is heavily dependent on favoura-ble climatic conditions.

growers produce 80 per cent of marketed ontput, they dominate the export crops, with the exception of cotton. In 1989, peasant growers are expected to produce 1.2m tonnes of maize, compared with 750,000 tonnes in the commsrcial areas. They will also deliver just over 60 per cent of the

Policy may have the short-term advantage of winning votes at expense of development'

270,000 tonnes of cotton. But virtually all the tobacco. beef, soyabeans and horicul-ture production emanates from the commercial areas. It is rear, there are signs that has evelled out and that in future the rate of increase will be far slower. Furthermore, because there is little irrigation in the communal areas, ontput is heavily dependent on favourable climatic conditions.

Not only do the commercial the commercial areas. It is appeal, as do threats priate white farmland powerful deterrents investment. The dang this short-term stratement investment. The dang this short-term stratement investment investment. The dang this short-term stratement in 1990 expense of longer than the foreign in the commercial areas. It is appeal, as do threats priate white farmland powerful deterrents investment. The dang this short-term stratement in the commercial areas. It is appeal, as do threats priate white farmland powerful deterrents investment. The dang this short-term stratement in the commercial areas. It is appeal, as do threats priate white farmland powerful deterrents investment. The dang this short-term stratement investment investment investment investment investment. The dang this short-term stratement investment in

investment drive will be stopped dead in its tracks not just be compulsory acquisition of white-owned land, but also by other electioneering prom-

Instead of relaxing price con-trols as promised at the London investment conference in May, these have been consolidated. The futility of the policy is reflected in the fact that inflation today at 15 per cent is higher than before the price freeze was imposed two years ago. Meanwhile, industry and

commerce are also under attack, accused of blocking black advancement. While both this and the price control regulations have strong voter appeal, as do threats to appro-Driate white farmland, they are powerful deterrents to new investment. The danger is that this short-term strategy will win votes in 1990 at the expense of longer term ecoMoscow warns of attacks on Kak

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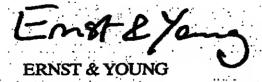
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WORLD TRADE NEWS

Stromberg phone deal challenges Canada monopoly

STROMBERG-CARLSSON, the US subsidiary of Britain's GPT telecommunications group, has made a breakthrough in the Canadian market with an order from the Manitoba Telephone System valued at \$10m-

The contract puts Stromberg in the leading position as a challenger to Northern Telecom, the Canadian telephone exchange manufacturer which has a virtual monopoly there.

Northern has captured a sig-nificant position in the US for the latest generation of digital switches, but up to now has defended its position in its tightly regulated domestic

Mr Tony Cobh, president of Stromberg, says the deal comes at an important time because of the moves to liberalise the telecommunications industry in Canada. He believes the Canadian market will become more like that in the US, where competition has created a range of new opportunities for both equipment and service

suppliers. The Manitoba agreement is for installing exchanges at about 50 sites as part of the telephone company's digital switching modernisation plan.

The switches being supplied range hetwaen 10,000 and 20,000 lines. Stromberg is strongest in this range of medium sized switches, which Mr Cobb said were well suited to the rural environment in Mani-

Stromberg is currently working with GPT, the telecommunications group at the centre of the current takeover hattle between GEC and Plessey, on plans to develop larger-capacity switches using GPT tech-

Latvia to barter fish for Danish trawler know-how

fish from Latvia will he exchanged for advanced trawler equipment supplied by the Danes has been concluded between a private Danish fish exporter and a Latvian fishing co-operative.

The fisb-processing industry on the Danish Baltic island of Bornholm is suffering from a lack of raw materials as a result of quota restrictions in the Baltic and the North Sea, but the Latvians do not exploit their own quotas to the full, Mr Ole Basse Mortensen, a Bornholm fish exporter, said.

He has, as a result, agreed to buy 3,000-5,000 tonnes of Latvian cod this winter. It will be **Boeing orders**

Canada has ordered six Boeing 767-300 extended range aircraft for C\$700m (£333m), with options on 12 more worth C\$1.5bn. Robert Gibbens reports from Montreal.

The first six are scheduled to be delivered by Boeing in 1993. Air Canada will pay for the aircraft with internally generated funds and future deht financing. deht financing.

Manitoba Telephone System is responsible for all telecommu-nications in Manitoba Prov-

By Hilary Barnes in Copenhagen

A BARTER DEAL in which supplied by six trawlers from a Latvian co-operative. In return, the trawlers will be fitted out with advanced echo-sounding and other equipment unobtainable in Latvia.

The Latvian fishermen will also receive instruction in modern trawling techniques from Bornholm fishermen.

One reason why the deal was possible, it seems, is that cod is not regarded with favour by Latvian consumers. Mr Mor-tensen, a well-known figure in the Danish fisheries world, made the deal on a purely private basis, but afterwards flew to Moscow, where he received the official approval of the Soviet Fisheries Ministry.

Argentine exports to UK likely to increase

ARGENTINE exports to Britain could increase as both countries normalise links severed during the 1982 Falkland war, a leading Argentine newspaper said, Reuter reports from Buenos Aires. The daily La Nacion, citing

an Argentine Foreign Trade Secretariat study, estimated exports to Britain could even-tually grow back to pre-war levels, though other countries now supply British buyers with goods formerly bought

from Argentina.

Argentina and Britain are due to hold talks in October in Spain on resuming diplomatic ties severed after Argentine troops overran the Falklands in 1982. A British task force

recovered the islands.

Argentine exports to Britain fell to a \$9,000 (£5,625) low in 1984 from a record \$218m in 1981, but have grown to about \$118m in 1988, according to fig-ures from the Foreign Trade Secretariat.

Britaln was Argentina's eighth largest trading partner before the Falkands war. As a conciliatory gesture, Buenos Aires last month lifted a sev-en-year trade ban on British imports, reciprocating a step

London had taken in 1985. Pressed by their country's need to increase its foreign trade, Argentine authorities have turned a hlind eye since 1986 to informal trade with Britain through third coun-tries. The study said this route made Argentine products more expensive.

The study said it was improbable that British sales to Argentina would rise to 1981 levels of \$324m. British exports to Argentina stood at \$23m in 1988, up from \$428,000 in 1984, La Nacion added.

The Foreign Trade Secretar-

iat's study pointed out that Argentina's economic prob-lems had forced cuts in imports in general, while the present exchange rate discouraged imports.

The study added that normalisation of ties between Bue-nos Aires and London was essential for Argentina because the European Community is due to decide next year whether it will extend an agreement on economic links with 66 developing countries.

India overhauls steel-making technology

A project is under way to raise output over the next five years, K.K. Sharma writes

HE govarnment-ownad Steel Authority of India (Sail) has embarked on a hig modernisation programme to improve productiv-ity in at least five of its seven steel plants over the next five

Plans are to upgrade the Plans are to upgrade the technology in plants 20 to 70 years old with the help of German, Japanese and Russian companies. Total investment involved will be about Rs150bn (\$9bn), and the modernisation programme will increase Sail's steel production from 11m tonnes to 14m by 1965 and 19m tonnes to 14m by 1995, and 19m by the turn of the century. Rather than build three or

four new plants, Sail has decided to increase the production capacity of existing ones, with the help of foreign compa-Mr V. Krishnamurty, Sail's chairman, insists this is more

than a mere face-lifting exercise, since It will virtually revolutionise ohsolete stesl making processes and make Sail one of the world's major companies, with its plants using the latest technology and

Sail will provide most of the funds from its own resources for works to be carried out by Indian engineering companies, but the bulk of the foreign exchange content will be pro-vided by governments of the three countries giving aid for

the programme.

The exception is Sail's plant at Durgapur in West Bengal which is being modernised at a cost of Rs26.6bn. Built initially by British companies, efforts to obtain British aid for the proj-ect failed partly because of uncompetitive bids by British firms for seven contracts for which global tenders were

Contracts for Durgapur bave been awarded to a consortium formed by Mannesman Demag of Germany, Concast of Swit-zerland, and Tiazpromexport of the Soviet Union. Hard-cur-rency costs of the contracts awarded to the consortium will be met from credits totalling DM410m (\$210m), to be pro-vided by KFW and other German banks.

Mannesman Demag will pro-vide equipment for steel-mak-ing and raw material handling

facilities at a cost of about Rs3bu, Concast continuous casting equipment costing Rs400m, and Tiazpromexport will remodel blast furnaces and sintering plants in collabora-tion with Mannesman at a cost

The project is more than a mere face-lifting exercise. It will revolutionise India's steelmaking processes

When work is completed. Durgapur's present production will be virtually doubled to 1.9m tonnes and result in considerable energy economies

singular energy economies and improvements in yield and labour productivity.

Nearly 60 per cent of the work is being done by various indian engineering companies, although a few contracts—such as those for new rolling mills and a new axle plant—have still to be finalised. have still to be finalised. Unlike Durgapur, modernisa-tion of SAIL's plants at Rour-

kela in Orissa State, Burnpur in West Bengal and Bokaro in Bihar, is based on aid from the governments of West-Ger-many, Japan and the Soviet Union, respectively. Some con-tracts have still to be awarded, but preparatory work hy Indian construction and engi-

neering companies has started.

The Rourkela project is based on a DM640m aid package offered by the West German Government last year, although the cost of the entire modernisation plan will be more than Rs24.6bn. A consortium of German

A consortium of German groups such as Krupp, Mannesman Demag, GHH, Lurgi, Schlomann Sismag and Seimens will provide a sinter plant, a new steel melting plant with continuous casting, a hot strip mill and a cold rolling mill. Rounkela's steel production is expected to rise production is expected to rise from 1.4m tonnes a year now,

to 2m tonnes.

The Burnpur plant, built in the 1920s and passed to Sail after nationalisation of the Indian Iron and Steel Company, will be handled mostly by Japanesa companies.

Japan's Exim Bank has indi-

cated it will provide credits totalling about \$900m (£500m).

A Japanese consortium has just completed a basic angineering report on Burnpur's modernisation. The consortium, formed by Nippon Steel, NKK, Kobe Steel, Kamasaki Steel and Sumitomo Metal

Steel and Sumitomo Metal Industries, will carry out works for which indian companies do not have capabilities. When completed, Burnpur's present production of im tonnes will be doubled.

Sall will also upgrade technology at the 400m-tonne Bokaro plant with Soviet assistance by introducing continuous casting technology. Another plant at Bhilai in Madhya Pradesh, also built by the Russians, is to be modernised with their help.

Details of the work involved are now being finalised. Sail's two special steels plants, the alloy steel plant at Durgapur

alloy steel plant at Durgapur and another at Salem in Tamii Nadu, are also to be upgraded and expanded.

The company also plans to modernise its marketing net-

S Korea opens a window on the world

By Maggle Ford in Seoul

FANCY huying a hottle of Russian vodka, an Alaskan salmon or a Nottingham lace tablecloth? If you are South Korean, such foreign delights have previously been unavail-

But now, as part of a gov-ernment effort to promote imports as it opens its market, shoppers may buy such items from a state-owned shop. Known as the Korea Import Plaza, the shop was opened last week. Importers can display their goods and sell them

directly to the public, thus avoiding the mysteries of local distribution. The shop, located in South Korea's new trade centre, is supported by two government trade organisations. But con-

sumers may initially be a little disappointed at what is on A motorised golf buggy, made in the US, attracted a lotof attention, especially from children. But South Korean golfers might not be so interested in the idea of driving around the course. One of the key delights, for most golfers, is the female caddy who accompanies them. Not only does she look after your clubs, she will also subtly improve your shot (when you're not watching - or that of your business-contact partner, if you want him to win). The shop is mainly devoted

to consumer goods and has a display of products ranging from wine, coffee and health foods to cosmetics, clothes and shoes Electric appliances were included, including a food pro-

cessor priced at £250. Huge US-made refrigerators, at more than £2,000, appeared a little too big for South Korean apartments, which are a little larger than rabbit hutches, but not quite ranch-size.

But housewives were attracted by large US washing machines. South Korean manufacturers, who make pastelpretty but petite machines, have not, apparently, yet realised that customers would prefer to do the laundry once a

week rather than every day. Italian companies had assembled the most attractive display, featuring haute couture fashion and shoes, well within the reach of the more affinent Seoul residents.

On the alcohol front, where most foreign countries have taken quick advantage of market-opening measures, wines from Europe, Australia and California started from a reasonable £5, hut no Scotch was seen. South Korea liberalised its market for whisky in July.

The US, much the londest complainant over the South Korean trade surplus, was well represented, with counters dis-playing high-quality autio and other electrical equipment, and food and confectionery, items. The Soviet Union displayed beantifully packaged vodka, priced at a very reasonable

Of the East bloc countries, South Korea has diplomatic relations only with Hungary. Economic links with the Soviet Union started last year. Czechoslovak crystal, Hungar-ian wine and Chinese pottery

were also on show. Many of the goods available can already be bought at ordi-nary department stores in South Korea, where the distribution system is far less daunt-ing for importers than the much-criticised arrangements

in Japan.
Sales were reasonably brisk.
South Koreans have been critical of affluent people buying Inxiny imports, such as cars and perfume, rather than locally produced goods, but are clearly keen to compare prices and quality when they have a

chance: One area attracted great interest. Crowds watched a demonstration of imported water purification equipment. Recent revelations that the -country's supplies could be polluted have shocked South Koreans, and sales of bottled water have rocketed. But local manufacturers have not yet tapped the potentially profitable market in filter systems.

Aircraft shortage hits Air India expansion plans

AIR INDIA, the country's international flag capiter, is unable to buy enough aircraft for a planned major fleet expansion because of a worldwide shortage, Mr Rajan Jatley, managing director, said, Reuter reports from New

Air India expected an annual 6-8 per cent increase in traffic and wanted to buy traffic and wanted to buy medium-capacity long-range aircraft for delivery in 1994 and 1995, he added. The airline had four options on Boeing 747-460s, two for delivery in 1992 and the rest in 1993.

Mr Jetley did not state how many aircraft Air India wanted to buy, but said it was also considering Airbus A-340s and Mcdonnell-Douglas MD-11s.

Air India flies 2m passengers a year and its ficet expan-

sion programme is expected to cost Rs20an (£754m). The airline fleet at present consists of 21 aircraft, mostly Boeing 747s.



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The Financial Times proposes to publish this survey on:

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For a full editorial synopsis and advertisement details, please contact:

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FINANCIAL TIMES

UK NEWS

Sharp downturn in

building prompts

interest rates call

THE house building industry with a less abnormal year than last night urged the Chancellor 1988 they would probably come of the Exchequer to cut interwithin a range not tremen-

of the Exchequer to cur interest rates in response to new dously below the average of Government figures which reveal a sharp downturn in house building starts on the said, had succeedd in stemming consumer borrowing on the equity in their homes but roument said yesterday that honse starts in the three was in danger of having a months to the end of July on a seasonally adjusted basis were in the material supplies and

dously below the average of the last five years."

The Chancellor's policies, he said, had succeed in stem-

in the material supplies and allied industries.

Mr Humber said the statis-tics concealed large regional variations with house building

well down in the south and East Anglia while remaining reasonably hnoyant in the

north east. He said: "There is a need

now to gradually reflate the housing market, allowing interest rates to fall while tar-

getting those areas still caus-ing problems."

The Government statistics said in July 1969 it was provisionally estimated that 16,000

houses were started in Britain

compared with 20,800 in July 1988. Completione numbered 14,600 compared with 18,600 in

July last year.
Starts in the private sector
were 20 per cent down on the
previous three months and 27

per cent down on same period last year. Public sector starts showed some improvement,

rising 6 per cent on the previ-one three months and a year

By Richard Donkin

seasonally adjusted basis were 24 per cent lower than the cor-

responding period in 1988, and 17 per cent lower than the pre-

Mr Roger Humber, director of the House Builders' Federa-

tion, warned that the figures

had to be set against a record year for housebuilding in 1988

bnt said that, nevertheless, "We have undoubtedly got an

over correction in the housing

market now,"
He urged Mr Nigel Lawson,
the Chancellor of the Exche-

quer, to examine other ways of curbing consumer spending using more selective restraints rather than the "simple inter-est rate weapon which has more than done its work in

relation to the housing market but has not corrected the bal-ance of payments problem or consumer expenditure."

Mr Humber said the figures, which followed a pattern set in

recent months, were not unex-pected in the light of the Chan-cellor's anti-inflationary poli-

Nearly 25,000 families are in

vious three months.

Makita to build £27m tool factory in central England

MAKITA of Japan, one of the world's three largest manufac-turers of electric hand-held power tools is to build a pro-duction plant in Telford, Shropshire to serve the Euro-pean market.

The olant, in central England, which is due to come on stream in autumn next year, will create up to 250 jobs over a five year period. Total cost of the project is £27m though Makita is receiving some grant money from the Department of Trade and

Industry.

Makita has chosen a 12.5 acre site and will produce angle grinders which cut metal, circular saws and rotary hammer drills at the 100,000 so

ft plant. The company intends producing 30,000 units a month initially, with the intention of raising this to about 100,000 units a month, equivalent to production levels at its plant in the US.

Makita said yesterday the

GOVERNMENT estimates that

cost improvement efficiency

schemes are generating an extra £900m a year in the National Health Service may

be inaccurate, a study suggests

Since 1984, ministers have emphasised the importance of

cost improvement programmes

as a source of revenue for

health service development.
The bealth reform White
Paper "Working for Patients"
calculated that such savings

would generate more than £900m additional revenue in

1988-89, and the Commons

Social Services Committee was told last year that they should raise nearly £4bn over four

But today's study, carried out by the Institute of Health

Services Management, the

National Association of Health

Authorities and the King's Fund Institute health think

tank, says there are "serious

doubts" about the way cost

improvement programmes are carried out and savings

The impression surround-

ing CIP savings makes the cer-tainty with which they are

quoted at the national level a

report.
"If the figures quoted do not

reflect gennine additional sources of finance, they must

provide part of the explanation for the eevere funding prob-

lems faced by many health

By Richard Evans

Councils accused of

contract malpractice

Study casts doubt on

NHS cost savings

By Alan Pike, Social Affairs Correspondent

Telford factory would be a full Telford factory would be a full manufacturing site and not just an assembly plant.

It intended making electric motors at Telford though these would be brought in from Japan during the initial phases of the British plant.

Components that it would

source from Europe, included some plastic parts, aluminium housings and steel, the company added.

Of the total cost of £18m for

getting the plant started, 18m has been taken up by the cost of land and buildings and 17m for machinery and equipment. Makita said the factory, which will export to the Middle East and North America as well as to Continental Europe,

would be very advanced and heavily automated. Makita, which makes 650,000 power tools a month with yearly sales last year of £550m claims to be the second largest manufacturer after Black and Decker of the US and ahead of West Germany's Bosch.

authorities in recent years."

Three areas of concern are identified by the report - the

valuation of cost improve-

ments, the treatment of recur-

rent savings and the monitor-ing and auditing process.

Valuation was sometimee difficult, and reported figures involved a good deal of impre-cision. And while efficiency

savings usually applied for more than one year, they could

not be taken ae lasting for

"If subsequent increases in costs reduce the levels of savings below those made in

earlier years, reported savings should be adjusted to reflect

this fact. Our survey indicates that this does not happen."

The report acknowledges

that cost improvement pro-

grammes will play a less cen-tral role in health service finance if the proposals con-tained in 'Working for

Bnt without sound know-

dge of the real resource costs

of their activities, it would be impossible for hospital manag-

ers to draw np and operate

workable service contracts as proposed in the white paper.

The deficiencies of past mon

itoring procedures "should pro-

vide a salutary lesson for

health authorities which would

become purchasing agencies.

· Efficiency in the NHS King's

Street, London NW1 7NF £3.95

Patients' are implemented.

It said it aimed to become the largest supplier of indus-trial power tools in Europe.

Makita already claims to be the world's largest manufac-turer of industrial hand-held power tools used by professionals like construction workers and plumbers, as well as the biggest manufacturer of cord-less tools. It is a much smaller supplier though to the do-it-yourself market.

Black and Decker manufactures electric power tools at Spennymoor in county Durham. Kango, a UK producer, also manufactures in Britain.

Black and Decker has the largest overall market share in the UK for all types of electric power tools. It is much smaller than Bosch and Makita in tools specifically designed for use by professional workmen.

Makita employs 4,500 people and, apart from Japan and the US, has production facilities in Canada and Brazil.

campaign in run up to conference

By John Mason

THE Social and Liberal Democrats yesterday launched a three-pronged campaign on health, food safety and the

a ballot of all party members soon after the conference. Sir William Goodhart, chairman of the conference committee said the vote of over 3 to 1 against debating the party's name showed the main con-

deal with major issues such as the NHS and environment, rather than internal matters. The "People first in I care" campaign is an attack on the Government's White Paper proposals to reform tha-National Health Service.

It includes a survey of gen-eral practitioners in seven par-liamentary constituencies that shows widespread opposition

shows whdespread opposition to the proposed reforms.

Between 71 and 98 per cent of the doctors questioned said patients would lose from implementation of the reforms. Opposition to indicative drug budgets varied from 57 to 95 per cent. Between 70 and 90 per cent of doctors and 90 per cent of doctors thought treatment of patients with special needs would suffer. Between 80 and 100 per cent thought there were too few resources being devoted to

few resources being devoted to preventative health care.

The "Campaign for Healthy Food" proposes the virtual elimination of food additives, compensation for people harmed by pesticides and comprehensive food labelling.

The "Waste not, want not" environment campaign highlights the lack of legislation governing nuclear waste dis-

governing nuclear waste dis-posal. A "shadow" environment bill will also be unveiled on the eve of the conference on

Sanday.
SLD membership has fallen only slightly since the merger between the Liberals and most Social Democrats last year, a senior party figure said

Current membership was 82,000 compared to 83,000 a year ago, immediately before the merger took place, accord-ing to Mr Graham Elson, the SLD general secretary. This followed reports the loss in membership could be as high as 36,000. Membership of the SOP now stands at about 11,000.

SLD starts

New homelessness figures environment as a confidence-restoring hulld-up to their con-ference in Brighton next week. describe 'human tragedy' The campaign is seen as an attempt by the leadership to LABOUR and Tory local point the party in a fresh, out-ward-looking direction at a authorities have launched a joint criticism of Government time when successive poor per-formances in the opinion pells have depressed members' housing policy after figures showed a massive increase in the number of families in tem-

porary accommodation in Lon-Conference representatives also overwhelmingly rejected moves to hold a potentially damaging debate on whether temporary homes in the capital -a 30 per cent increase in the

to change the party's short name to "Liberal Democrat". The issue will be resolved by last 18 months, according to the latest figures.
In a joint statement today the Conservative-controlled London Boroughs Association and the all-Labour Association of London Authorities described the eltuation as a

"human tragedy".

They blamed the "deepening cern of representatives was to crisis" on the shrinking supply of council homes caused by Government restrictions on new house huilding hy local

lated by the London Research Centre and the Bed and Breakfast Information Exchange. The total - 24,578 - represents a population of a town the size of Stevenage.

By Our Belfast Correspondent

tish soldier who is still in the Army despite being convicted of supplying information likely

to be of use to terrorists in Northern Ireland.

Inquiry demanded over

convicted Scots soldier

MR TOM KING, Defence (SDLP) said he was horrified at Secretary, is to be asked to the development and would investigate the case of a Scot-

Councellor Peter Challis, chairman of the ALA Housing Committee, said in the state ment: "Local authorities in London have an increasingly difficult job to house homeless

to build new homes to replace those sold under the Right to

An LBA spokesman said: "What we're saying is that the Government should relax the very tight restrictions on epending on new council

homes. "We have always supported the Right to Bny scheme, but we say it doesn't work if authorities cannot replace the properties sold."

The figures showed a sixfold increase in the past 18 months in the number of homeless placed in privately The latest figures were col- rented accommodation as opposed to bed and breakfast hotels.

Renting from private landlords is said to be saving London boroughs several million pounds a year.

ask Mr King to investigate. Dr John Alderdice, leader of

used in connection with acts of terrorism.

In Brief **Support for** sterling leads to fall

By Simon Holberton, Economics Staff

in reserves

EFFORTS by the Bank of England to support sterling last month led to a fall of \$405m in the underlying value of Britain's reserves of gold

of Britain's reserves of goin and foreign exchange.

The fall, which was nearly twice as big as City analysts had expected, suggests down-ward pressure on the pound was stronger in August than first thought.

News, however, of the larger-than-expected fall in reserves had little effect on financial markets. The pound held up well against the D.Mark while being slightly weaker against the generally stronger dollar.

Mr John Shepperd, economist at Warburg Securities in London, said: "The intervention by the Bank last month was large enough to flag its presence in the market but it

was not massive."
The Treasury said that at the end of August Britain's foreign reserves were \$43.2hm com-pared with \$43.6hm at the end of July.

Belfast expansion DESSIAN Products, the Bel-fast-based UPVC window frame and door manufacturer, is creating 109 new jobe in a £2.7m expansion backed by the Industrial Development Board for Northern Ireland, it was

announced yesterday. The company, set up three years ago, makes window frames and doors for the local market and the rest of Britain, as well las exporting to the Republic of Ireland.
Current weekly production
at its premises in South

Ifast is around 1,000 window

Insurance survey

A SURVEY of motor insurance claims shows almost 80 per cent of traffic accidents occur in fine weather, 72 per cent in good visibility and 70 per cent on dry roads.

The analysis, by Jardine Insurance Brokers, found that November was the most dangerous month with 9.18 per cent of accidents recorded

Parliamentary union THE centenary conference of the Inter-Parliamentary Union. peing held in London this week, was opened yesterday by the Queen.

The IPU is a worldwide organisation of parliamentarians aiming to promote inter-national co-operation in line with United Nations aims. The conference will include

informal talks between the British delegation and its Argentine counterpart, led by Senator Eduardo Menem, Speaker of the Argentine upper house and brother of the presi-

River boat safety

SAFETY priorities on river boats are still being neglected in the aftermath of the Mar-Ulster's Alliance Party, said he did not believe anyone con-victed of ench an offence chioness disaster, the Royal Society for the Prevention of Accidents warned yesterday.

The rules covering efficient evacuation in an emergency are inadequate, and the Department of Transport must

> Amoco evacuation MORE than 100 men evacuated

do more to improve them, it

from an Amoco North Sea oil platform at the weekend will remain on shore until it has been declared competely safe,

been declared competely safe, the US company said.

Engineers yesterday successfully "killed" the oil well where a high-pressure gas kickback rocked the North West Hutton platform.

A total of 113 men were flown off the platform when the kickback, in a well being drilled for development pur-

drilled for development purposes, caused a series of heavy vibrations.

Production was immediately shut down, and Amoco said: The situation is stable and under control."

should ever be allowed to serve The Army confirmed yester-day Corporal Cameron Edward in the security forces again. Cpl Hastie and a part-time UDR member were found guilty of making available to Hastie, 23, a mamber of the Royal Scots Regiment, was still a serving soldier despite being given an 18-month suspended prison-santence at Belfast vate sector companies to evaluate the work involved. No another person or persons cer-tain property, namely photo-graphs and particulars of motor vehicle owners, knowing or suspecting that it might be

been asked to answer allega-tions of unfair practices in awarding contracts put out to open tender, in the first move by the Government following numerous complaints of anticompetitive behaviour.
The move by the Department of the Environment (DoE) could be of great significance

Borongh of Hillingdon, have

in opening up a wider range of local authority services to pri-

vate sector companies.

In the first block of contracts awarded in the summer under the terms of the Government's compulsory competitiva ten-dering legislation, most have gone to local authority direct labour organisations and very few to private contractors.

The DoE is currently investi-gating allegations of unfair practice against more than 150 councils, led by Conservatives as well as Labour.

Mr David Hnnt, the local government minister, yester-day said he was calling for-mally on Bristol and Hilling-don to explain their behaviour. "If those explanations fail to convince me, I have the power to close down or restrict their council workforce operations,"

TWO local authorities, Bristol he warned. City Council and the London It is alleg

It is alleged the city council in Bristol, western England, invited tenders for a single contract covering refuse collection, street cleaning, office cleaning and the cleaning of public lavatories.

The council also provided insufficient information to prospective tenderers in the tender documents to enable pri-

private sector company ten-Hillingdon, north-west Lon-don, awarded its vehicle maintenance contract to its own workforce when it was not the lowest tenderer, even after potential redundancy costs were taken into account.

The move follows protests from politicians, private com-panies, and the Public and Local Service Efficiency Campaign (Pulse) - a pressure group in favour of compulsory competitive tendering - for the Government to use its legal Companies get a fairer deal.
Pulse claimed yesterday
anti-competitive practices were
threatening to destroy the Government's competitive tender-ing policy.

Mr Seamus Mallon, deputy leader of the nationalist Social Democratic Labour Party Rolls-Royce faces ballot

Crown Court.

THE ROLLS-ROYCE aerospace group's plant at Hillington, Glasgow, is emerging as one of the most likely targets for all-out strike ballots as engineering unions step up their campaign for a 35-hour week. Other grime targets for bellots include British Aerospace's operations in Bristol and Weir Group.

The emergence of the hit list targets comes as engineering grades intensify their propagands war against employers. Mr Bill Jordan, president of the AEU engineering union, yesterday contrasted the companies'e stance on house with large pay rises to chairmen.

R was a "display of avarice, the stench of which has percolated to Downing Street," he

By Michael Smith, Labour Staff

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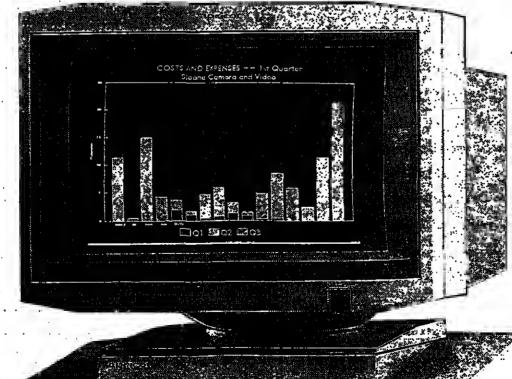
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UK NEWS

TUC CONFERENCE

Unions confident of change in fortunes

THE annual TUC conference day a report on the Single opened in Blackpool, north-west England, yesterday amid an atmosphere of stabil-tion for internal division seems ity, verging on a confidence that 1989 could mark a turning point in the union movement'a fortunes:

TUC leaders believa tba mions' painfully slow adjust-ment to the loss of the power their wielded in the 1970s is coming to its end, that retrenchment is giving way to

The thousand delegates gath-ered in the Winter Gardens' ballroom yesterday approved two motions which according to Mr Norman Willis, the TUC's general secretary, symbolise the unions' determina-

tion to prepare for the 1990s. The congress almost unanimously approved rule changes which will nearly double the number of women on tha TUC's ruling general council. It went on to support proposals to improve recruitment among non-unionised workers, espe-cially women in the service

sector.

That will be followed by a series of initiatives to widen. the nuions' agenda, and broaden their appeal. Today it will launch its policy on the environment, followed by to radically revamp the British training system and on Thurs-

tion for internal division seems to be abating. The only loom-ing disaster – the possible expulsion of Balpa, the airline officers union – was averted before Congress.

A left-wing challenge to the TUC's proposals on the general council's membership were comfortably defeated. The NCU, the communications union and MSF, the general technical union say they are close to agreeing a composite on defence which would be broadly in line with Labour's recently revised policy.

The only cloud on the horizon for Mr Kinnock is relatively small a composite led by

tively small: a campaign led by the TGWU, general workers union, to stiffen the policy review on industrial relations law. But as yet it is hardly a revolt. TGWU officials admit the proposal to limit companies' ability to press for damagea in disputes would not amount to much of change.

One of the few low points of the congress is likely to be its boring predictability as delegates sweep through a stream of uncontroversial motions on issues such as the EC, nuclear energy and social ownership, which would have been hotly contested some years ago.



Two heads better than one: McCluskie and Knapp discuss merger

LEADERS of the National Union of Railwaymen and the National Union of Seamen have finalised terms for a merger of their organisations, it was disclosed yesterday.

it was disclosed yesterday, Jimmy Burns writes.
Mr Jimmy Knapp and Mr Sam McCluskie, general secretaries of the NUR and the NUS respectively, are meeting in Blackpool this week to ratify formally an agreement that should pave the way early next year for creating a new transport union with about 130,000 members.

involved in a series on one-day strikes this summer, said yes terday: The marger will create a new union with considerable industrial muscle in the

transport sector."

An agreement after months
of protracted negotiations involving joint working par-ties is likely to put pressure on other unions to speed up their

merger initiatives.
Talks with the NUR were initiated more than two years ago by the NUS at a time of growing financial difficulties for the seamen's union because of falling membership.

Government

private coal

THE 30-man rule which has

limited the size of Britain's private underground mines for more than 40 years is to be

abolished as part of a Govern-ment move to expand the small private coal sector. Under a Coal Bill to be intro-

duced in the antonno, private underground collieries will be allowed to employ up to 150 men below ground. This is still

far fewer than the average 1,000 strong workforce in the larget British Coal collieries, and and it is unlikely to lead

to a rapid increase in the size

By Maurice Samuelson

to abolish

curb on

Credit figures show curb in UK consumer spending

By Peter Norman, Economics Correspondent

THE AMOUNT of new credit granted to British consumers by finance houses, building societies and on bank credit cards declined in July, adding to evidence that the Government's high interest rate policy is curbing consumer demand.

Official figures yesterday also confirmed an earlier provisional report of a sharp drop in retail sales volumes in July with the result that the year-on-year increase in sales for the three months to the end of

the three months to the end of July was the lowest since Octo-Details of the amount outstanding on consumer credit agreements provided less decisive evidence of a slowdown in consumers' appetite for bor-rowed funds. The Central Sta-

tistical Office reported a £251m seasonally adjusted increase in outstanding consumer credit agreements in July compared with a revised £188m increase in June. However, the July figure was sharply lower than May's £505m increase and lower than tha average-monthly increase for the year to date, the CSO said.

The Treasury said yesterday's figures were consistent with other evidence of a slow-down in the economy. They had little impact on financial markets which are looking ahead to publication on Thursday of the August Financial day of the August Financial Times/Confederation of British Industry distributive trades survey for further indications

of consumer demand in

John Mason writes: Mr Bryan Gould, Labour's Trade and Industry spokesman, said yesterday's figures showed that an "obsessive" pursuit of high interest rates by Mr Nigel Lawson, the Chanceller, may now be curbing the demand for

consumer credit.

But he said this would not solve Britain's economic problems. Manufacturing output was stagnant or falling, com-pany liquidity was at a 15-year low and business confidence was falling, he said.

The Chancellor would have to change direction before high interest rates precipitated a hard landing for the economy, Mr Gould said.

of the private underground workforce. In another liberal-isation move, the new Energy Secretary, Mr John Wakeman, is to order a tenfold increase in the amounts of coal for which licences are granted.

They will be raised from a They will be raised from a mere 25,000 tonnes per licence to 250,000 tonnes. However,

is could effectively to 500,000 tonnes per licence if British Coal, as the licensing authority, continues the pres-ent practice of granting extensions to licences.

The forthcoming Coal Bill is also expected to propose a sig-nificant writee of of British Coal's accumulated debts. It is the heavy interest repayments on these debts expected to reach £550m in the current financial year - which repeatedly prevent it from showing an overall profit despite the dramatic efficiency gains of

Charities win. freedom to advertise on TV

By Raymond Snoddy

HUNDREDS of British charities will now be free to advertise their appeals on commercial television and radio following the lifting yes-terday of a 34-year ban on charity advertising in British broadcasting.

The National Society for the Prevention of Cruelty to Children was among the charities which yesterday welcomed the lifting of restrictions.

Football fans face action after ferry disturbances

Stockholm

By Kevin Brown, Transport Correspondent

MR COLIN MOYNIHAN, the Sports minister, was under pressure last night to take tough action against travelling football hooligans after a man was lost overboard during disturbances on a North Sea

Mr Denis Howell, the shadow Sports Minister, and Mr John Carlisle, the Conservative MP Luton, were among those who called for better security, possibly through new legal powers. The Tor Britannia, owned by

tha Danish ferry operator

DFDS, was forced to turn back to Harwich early vesterday because of heavy drinking and drug taking among more than 150 football fans heading for tomorrow's England v Sweden World Cup qualifying match in

Essex police said 20 youths were questioned when the ferry docked. The man who fell overboard was named as Robert Patrick Ayling, 24, of Lipson, Plymouth. He was among those travelling to the match, police said.

the last four years. Prince set his sights on encouraging community projects

establishing a national pro-gramme enabling large num-bers of young people to work full-time on community pro-jects are encouraging, the Prince of Wales said yesterday.

Plans for the scheme are heing developed by the Prince's Trust, a young peo-ple's charity of which the Prince is president, and the Commission on Citizenship — an all-party groups of MPs, educationalists and others set

up last year.

A formal decision to go shead with the scheme on a national scale has not yet been made, but there are indications that this will come next spring. Pilot projects have already

operated in Sunderland, north-ern England, Birmingham, Britain'a second largest city, and South Wales, and it was announced yesterday that another local scheme will start next month in Bradford, north Yorkships

next month in Bradford, north Yorkshire.

The Prince, ontlining his proposals in Edinburgh yester-day, said a study of the scheme had proved very encouraging. "We are now considering how to expand this idea. In view of the reaction from all sections of the community at the moment, it is encourage

the moment, it is encouraging," he said.

Consultations with voluntary organisations, employers and trade unions will be necessary to sain support for the

and trace unions will be neces-sary to gain support for the community volunteers scheme. The intention is that it should offer 16-25 year olds of all backgrounds, especially those from deprived inner-city areas, the chance to work

PROSPECTS for together for three months on environmental, community and other projects of social value. It is hoped that the scheme

once launched, would build up to 100,000 places a year. Young people in employment who volunteered for the scheme would continue to be paid by their employers, while those on the Youth Training Scheme would retain state

The Prince, talking about his idea at a Prince's Trust meeting in the Scottish capital, placed it in the context of other work which the trust is doing to aid young people's personal

development.
"What we are always trying to do is to develop hidden talent among a large number of young people all over the country, however disadvantaged or alienated they may be," he said. There were many young people who had hidden talent which was not brought out.

Prince Charles added: "That talent people who had hidden talent which was not brought out.

talent needs to be harnessed and that is what I hope we can do in our own small way, to enable people to realise their full potential."

People who took part in tha Government's now defunct Community Programma received allowances in return for doing part-time work of a socially useful nature, but participation was restricted to the long term unemployed.

The Prince's Trust scheme is

aimed at all young people, and is plaumed as part of their per-sonal development rather than as a response to unemploy-

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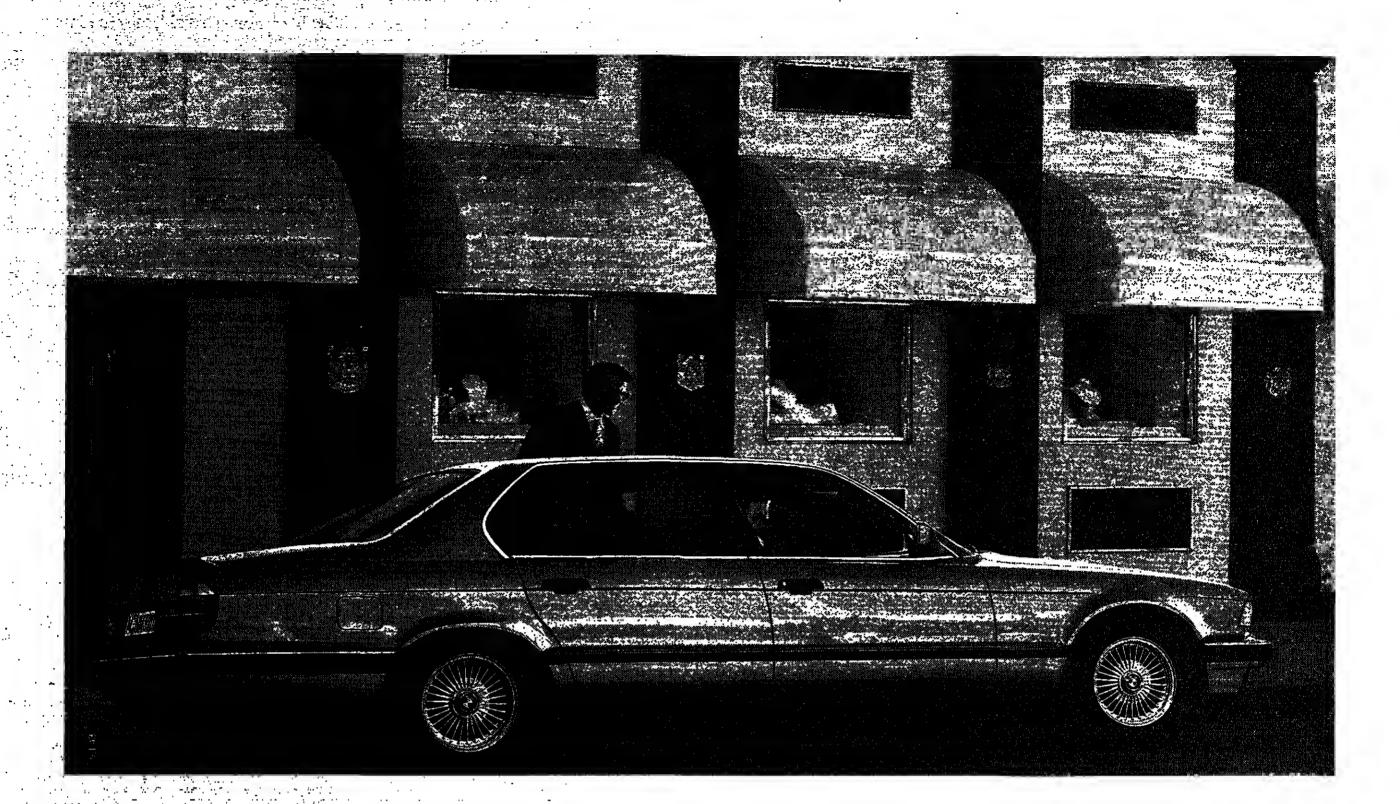
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OPINION LEADERS.

BMW 750iL as the "Top Car" in 1988. "BMW's 750iL is currently the world's | current pollution limits anywhere in the world.

finest large saloon" writes the journal "Motor", thus demonstratively reflecting press opinions and summarising the results of reader polls.

Top managers from thirteen international automobile concerns were approached when "Automobile Review" (9/10 '88) enquired "What do the deploys its power effortlessly.

senior executives think?" The result – the BMW 7 Series was a clear favourite in the "large car" class. It is not only the specialists who consider the 12cylinder engine of the BMW 750i/iL to be the crowning achievement of modern automobile engineering. Innovative design features provide an absolutely unique standard of smooth running despite the enormous power potential of this V12 engine. Nevertheless, it is a compact engine and both the wear and maintenance requirements are low. It is efficiently controlled by the extremely modern Digital Motor Electronics

"Top Car". The British Guild of Motoring Writers elected the | and, thanks to pioneering catalyser technology, it complies easily with

An opinion leader in the highest automobile class must have more to show than just an incomparable engine.

The BMW 750i/iL has just that. Its ingenious swinging arm suspension, for example, smoothly converts the 300 horsepower of the twelve-cylinder

engine into a safe road-holding attitude. This luxury limousine pursues its way effortlessly and quietly.

The driver and passengers enjoy the generous comfort of the passenger compartment, appreciate the clearly very special quality of the workmanship and are aware of the immense safety reserves of the BMW 750i/iL The most demanding of car drivers have a high regard for these opinion leaders. Like does attract like.



A 'Napoleonic' drive, with a French partner, into Iberia

taken hy changes in European company law which, it appears, will allow the joint

registration of companies in more than

Drury suggests that King makes use of LawLink, a service provided by the Lon-

don Chamber of Commerce, which allows British companies to speak to Continental

lawyers by means of a video link-up. King

is enthusiastic about this proposal. "It's not often you can go into a lawyer's office and ask wide-ranging questions," he says. "They are always in meetings."

But understanding the legal complexi-ties and studying lists of companies will not get Labelking into overseas markets.

One can look at loads of statistics but it

is people who are the key," says King. He hopes to meet his French partners in a few

weeks' time to see what their researches

into the Iberian markets have produced.

He also plans to send two of his production managers over to Paris to see how the

In his dealings with his French partners

hut for the moment he calls on Claire

King makes use of his schoolboy French supplemented by a language school course

Deruty when it comes to writing letters. King says he feels the French are embar-

rassed by the fact that he can speak their

language hut Deruty says the French are pleased to find an Englishman willing to

King is not yet completely certain about

French company is run.

make the effort.

Charles Batchelor takes another look at Labelking's export efforts

London printer of adheeive labele tor tha food Industry, is allempting to breek into export markete. Chris King, tounder end managing direc-

"The magic words are etiquetas odhesivas," says Drury, producing several

lists of Continental printers (of adhesive labels) which he has bad compiled by

embassies and chambers of commerce in Britain, Spain and Portugal, Commercial

build up a picture of potential targets or partners. "That's terrific," comments

But even this wealth of material has its limitations. A list of French printers does not include Labelking's French partner, a 24m turnover company based in Paris. A

directory of British printers recently con-sulted by King had omitted his own com-

pany so further work will be necesseary to

build up a complete picture. However incomplete the information on

the European printing industry, the posi-tion is better than in the US, which

Labelking is also researching. At a recent

printing industry conference which King attended in Chicago American printers

said that more data was available on the

industry in Europe than in the US.
"I know that what you really need is

details of how many people these compa-

nies employ and their turnover." says

Drury. "But you have the names now and

you know where to contact them. You can

laser in on the company and have a Dun & Bradstreet (company profile) done on

King has heen carrying out his own research with the help of Claire Deruty, a French student of husiness administration

at Middlesex Polytechnic who is doing a six-months' placement with Labelking to

gain work experience. Deruty has also con-

sulted directories in the local library and

contacted suppliers to huild up a picture of the quality and price expectations of cus-tomers in the different Continental mar-

kets. King wants to serve not just the Iberian Peninsula from his base in Spain

or Portugal hut is looking for a low-cost

The quality of labels in Spain is lower than that which would he acceptable in

the UK. At first sight this would appear to

provide an opening for Labelking, which supplies demanding British companies such as Sainshury and Wait-

rose. But would Spanish customers be pre-

pared to pay the higher prices for this

King turns to another subject which

concerns him - the legal implications of

setting up a company on the Continent. King is currently registering a company in France but wonders if this will be over-

improvement in quality?

base to sell throughout the Continent.

ebelking, a South tor of the £4.5m turnover company which employe 32 peo-ple, plans to establish e joint venture on the Continent with e French lebet printar and

John Drury, en export devel-opment edviser* from the London Chambar of Commerce, to discuss the practical problems of expanding overseas. At their third meeting at King'e small Herne Hill tactory Drury hands over a mass of informetion he has collected on the label printing industries in Spain and Portu-gel, whera King end hta French partners plan to set up.

how to get established in Spain with his french partners though he does rule out starting a completely greenfield venture. He is considering either acquiring or set-ting up a joint venture with a local company. Another possibility is for Labelking, the French company and a Spanish part-ner to form a network of independent

small companies supplying a complementary range of products.

This concentration on Europe means that King will delay any move into the US until 1990 at the earliest.

"So it's Europe first and then the south-eastern US," says Drury. "That makes me sound like Napoleon," returns King. But Drury, who spent many years overseas for GKN, the British engineering group, is keen to push the more cautious King into

He wants Labelking to move quickly into continental Europe as the barriers come down. "I imagine you will want to hit Germany with a hosephpe before 1992," he suggests. "There's the Duke of Wellington again." says King. "I see it more in terms of co-operation rather than of firing

Drury also suggests that Labelking might broaden the range of labels it offers hy huying in a cheaper range from other printers to supplement its own more expensive products: "You could hit the market with a complete range in 1991. Don't wait until 1992," he says. King, who already has his hands full with his present plans, seems less than enthusiastic at this

King's third meeting with Drury is the last which is formally scheduled to take place nnder the export development adviser scheme though King may call on the London chamber for further advice. Drury will send King a formal report of their meetings and written confirmation of the points they have discussed.

Labelking is more advanced in its export thinking than most of the companies with which Drury deals hut it still has to move beyond the planning stage. The next few months will see if the company can trans-

late its plans into action.
*A team of 31 export advisers has been recruited by the Department of Trade and Industry and seconded to chambers of commerce around the country. Contact London Chamber of Commerce 01:248 4444, your local chamber or DTI regional office. The first two articles in this series

appeared on May 2 and May 23. Future articles will follow Labelking's progress into

hat do an interna-tional art distributor, an expert on rescu-ing failed savings and loans institutions, an Ernst & Young accountant and a Rothschilds banker do together on the 48th floor of the Time Life building

in New York once a month on a Thursday morning?
They and hundreds of others are following what is probably one of the most common pur-suits in Manhattan today —

metworking.

The audience at the August meeting of the New York Venture Group all display a coloured dot on their name badges. Red dots are entrepressure and husings owners. neurs and husinass owners, green dots are sources of capital (ie investment hankers), yellow dots are providers of professional services (le accountants and lawyers) and blue dots, potential managers. "The object of this meeting for those with red badges is to

prevent those with green dots from leaving," Burt Aliman-sky, chairman of the New York Venture Group, tells those

The morning's speaker is Joseph Mancuso, president of the Centre for Entrepreneurial Management in New York, a body offering information and stance to entrepreneurs. He summarises the way most entrepreneurs conduct

business at least some of the time with the logo on a bright red T-shirt he displays to his audience — "Ready, Fire, Aim!". His way of getting his antrepreneurial message over to his audience is to ask them questions. Those who get the answer wrong get a copy of one of his books which he considers provides the right

At the end of Mancuso's talk, a microphone is passed from hand to hand for occupants of the room to summarise their on for being at the meeting and to give their phone num-

There are about 50 "sources of capital" for 85 "entrepreneurs"; hut many of the 100
"providers of professional services" or 40 "potential managers" would often like to add an entrepreneurial string to their

Seeking to become a dot on the entrepreneurial map

Pratap Chatterjee explains how money and ideas come into contact with each other on the New York networking circuit

My neighbour, a freelance manager in his mid-fifties, was an example. A few months ago an example. A few months ago he had come in the hope of getting some management work, only to end up putting \$10,000 into somebody else's idea. Even though the idea failed, he still comes faithfully to tha meetings, and would be prepared to try again. "I'd like to recoup my money," he confesses.

The main aim of venture groups is networking. The first one was set up in Stamford, Connecticut, in the 1970s. The Connecticut group still meets on the first Monday of every month and now has several equivalents in nearby areas, such as New York (the third Thursday of every month), Long Island (second Friday) and a Route 128 (the Massachusetts equivalent of the high technology zone of Silicon Val-ley in California) group that meets on the second Thursday of every month.

While many of the people with red dots on their badges at the venture group represent small companies with a complete husiness plan, there are a few with new ideas that they would like to bounce off other

people.
Some of the other venture group participants are hig accountancy and law firms which have set np service groups aimed at medium-sized companies. For instance, Ernst & Young has 2,500 professionals in three main service areas of audit, tax and management consultancy specifically work-

ing on growing businesses. Yet others, like Peat Marwick, give free consultancy to promising husinesses. This year Peats started a pro-gramme called the Carolinas' Initiative based on the Department of Trade and Industry's



Enterprise Initiative in the UK, which provides subsidised conaultancy help for small and medium-sized businesses. Fifty companies received free consultancy worth a total of

\$500,000. Other participants include venture capital firms which have about \$30bn invested or available for investment in

Alimansky tries to encourage these institutional participants to take out an annual \$395 subscription: Entrepre-neurs pay \$25 for each break-fast meeting, the "sources of capital" pay \$30 for a single meeting.

For people who might otherwise try to plan things from their living room or meet advisers one at a time, venture groups present a quick way of meeting a number of possible contacts.

There are, however, a number of alternatives to the venture groups for entrepreneurs. There are universities and bro-kers with databases of contacts and there are professional counsellors and support groups

which are more like a Rotary Ciuh with membership lists and a full schedule of activi-

one such is the Southern California Technology Network (SCTN) in Newport Beach, California. SCTN charges 24000 a year for 12 round tables and four to five conferences for its members. It will recommend accountants, tax and business advisers to its small high technology commany members.

nology company members.

Then there are anterprise forums, a practice that began at the Massachusetts institute of Technology (MIT).

At enterprise forums a panel of venture capital experts lis-ten to and then criticise a capital funding plan from an entre-preneur in front of an audience. After the panellists are done, the audience is allowed to come in with its own criticisms or questions on either the plan or the panel-lists' recommendations.

Enterprise forums can attract wild ideas like the Video Dog, a video that offered people without dogs an alternative that they did not have to clean up after, take to the vet or walk every day: a film of a dog doing just what people wanted it to - like bark or fetch: (Like tha Pet Rock, a: rock in a box, the Video Dog successfully sold several thou-sand copies).

The New York Vanture

Group's speaker this month is somebody who also cashed in by creating a fad, Ken Hakuta who runs Tradex, an import/ export company. Hakuta suc-cessfully marketed the Wacky Wallwalker, a children's toy that netted him \$20m (more than Rubik got for his cube). Hakuta now has a weekly chil-dren's show on which he offers \$100,000 to anyone with a really good idea that he thinks he can market.

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In brief...

■ Venture capital is becoming increasingly popular through-out Europe as a means of financing unquoted companies. Venture Capital in Europe, the 1989 Yearbook of the European Venture Capital Association, gives details of the several hundred companies which are now active and overviews of

the industry in 16 countries.

The yearbook is available, free, from John Hustler, Peat Marvick McLintock, 1 Puidle Dock, Blackfriars, London ECAV 3PD, Tel 01-236 8000.

■ The Prince's Youth Business Trust, which helps unem-

ployed or otherwise disadvantaged young people set up their own business, is to increase the size of its grants to take account of the rising cost of starting a new business.

The size of the hursary has been increased from £1,000 to £1,500 while the upper age limit for disabled people to qualify for help has been

increased to 30 years. Otherwise the upper limit remains 25.
The trust is also linking up with the prison service to draw attention to the possibility of self-employment to people in young offenders' institutions.

The trust is at 8th Floor, Melbury House, Melbury Terrace, London NW1 6LZ. Tel 01-262

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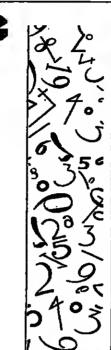
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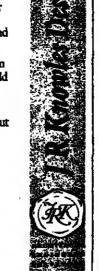
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10

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18th October 1989

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or write to them at:

George House

George Road Edgbaston Birmingham B15 1PG

THE SUNGEI BESI MINES MALAYSIA BERHAD

Notice of Meeting NOTICE IS HEREBY GIVEN that the Thirteenth Annual General Meeting of members of The Sungei Best Mines Malaysia Berhad will be held at the Conference Room No. 5 1st floor, The Martin Kuala Lumpur, No.2 Jalan Sultan Ismail, 50250 Kuala Lumpur, Malaysia on Friday 29th September, 1989 at 10.00a.m. for the following purposes:

To consider and, if thought fit, pass the following as ordinary

That the profit and loss account for the year ended 31st March, 1969 and the balance sheet of the Company at that date and the statement of source and application of funds of the Company together with the annexed reports of the Directors and Auditors be and are hereby received and

adopted.

That the final dividend of 40 sen per share, less tax at 35%, recommended therein be and is hareby approved and declared payable on 2nd October, 1989, to members registered at the close of business on 28th July, 1989.

That Encik Zulkamain bin Dato Shelkh Ahmad, who was eppointed since the last Annual General Meeting, be and is hereby re-elected e Director of the Company. That Messrs Peat Marwick, who are eligible and have given their consent for re-appointment, be and are hereby

re-appointed the Company's Auditors for the period until the conclusion of the next Annual General Meeting and

that the remuneration to be paid to them be fixed by the

NG SEE YEN

Secretary Kuale Lumpur

A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote in his stead.

A proxy need not be a member of the Company. A form of proxy to be valld must reach the Registrar'a office at 32nd Floor, Menara PNB,201A Jalan Tun Razak, 50400 Kuala Lumpur. Maleysia or the United Kingdom Registrars' Office at Berclays Registrars Limited, 6, Greencoet Piece, London SW1P 1PL, of not less than 48 hours before meeting.

Copies of Directoral aervice contracts are aveileble for Coples of Directora aervice contracts are available for inspection at 15th Floor, Plaza Atrium, Lorong P. Ramlee, 50250 Kuale Lumpur on any weekdaya (except Saturdeys) from 5th September to 29th September, 1989 during usual business hours and will also be available for inspection at the Conference Room No.5, 1st floor, The Merlin Kuale Lumpur, No.2 Jafan Sultan Ismail, 50250 Kuala Lumpur, Malaysia on 29th September, 1989 for fifteen (15) minutes prior to and until the conclusion of the Annual General Meeting.

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LEGAL NOTICES

INSOLVENCY ACT 1906 No. 001478 of 1986 IN THE FROM COURT OF JUSTICE **GOROSE LIMITED**

of 11 Masons Avenue, Harrow, HA3 SAH i, John Colin Mennin Sietnop, of Cork Gully, Shelley House, 3 Noble Street, London ECZV

PERSON GIVE NOTICE that I have been duly apparate. I are continued by the Oracial Receiver as Liquidasor of the sense of the soove-named on 25 July 1988. All persons having in their possession any of the assets of the company must deliver them to me, and all debts due to the company must be paid to me.

Creditors who have not yet proved their debts must forward their Proofs of Debt to

Dated this 30th day of August 1980 John Golin Mannin Blehop in order to be entitled to vote of the meeting, you must give to me, not later them 12.00 noom on the business day before the day fixed for the meeting, details in writing of

RETHYR TYDFIL TRANSPORT LIMITED .

M ADMINISTRATION
NOTICE OF CREDITORS' MEETING IN
ADMINISTRATION PROCEEDINGS

Notice is hereby given that a meeting of-creditors in the above metter is to be noted at The Park Hotel, Park Piese, Cardiff on Tues-day 19th day of September 1989 at 11.00 am to consider our proposals under \$2.3(1) of the Insolvency Act 1985 and to consider establishing a creditor's committee.

J P Considere and C J Barlow Joint Administrators Cork Gulfy Churchill House

Great changes afoot at the Tate

Now is a good moment to savour the gallery's true catholic outlook, says William Packer

hatever else it But we must accept that might be, the nothing is immutable. Change of post-impressionists, Tate Gallery, for change's sale will always with its attendance of some 1581,457 visitors none more than me, but we their usual walls on the moderate very standard with among that many that are side and acquisitions (37), and a clutch of post-impressionists, Cezanne, van Gogh, Modigiani and the rest, banished from their usual walls on the moderate very standard acquisitions (37), and a clutch of post-impressionists, Cezanne, van Gogh, Modigiani and their usual walls on the moderate very standard acquisitions (37), and a clutch of post-impressionists, Cezanne, van Gogh, Modigiani and their usual walls on the moderate very standard acquisitions (37), and a clutch of post-impressionists, Cezanne, van Gogh, Modigiani and the rest, banished from their usual walls on the moderate very standard acquisitions (37), and a clutch of post-impressionists, Cezanne, van Gogh, Modigiani and the rest, banished from the rest, banished from the rest of the res last year, stands high among London's principal public cuitural attractions. But controversy hangs about it even now, when - with no special shows or questionable recent acquisitions to attract the fire - it might have thought it still close season on any critical

Nicholas Serota, the new director, is now a full year into his term of offica: great changes are afoot, gallery upon gallery closed for alteration and repair, a complete revision of the permanent hang well under way. "Have you seen the Tate lately?," I was asked the other day. "It'a in a terrible mass." A personal inspection seemed the only thing.

Such as it was, the mess I found was not so much terrible as intriguing, though every-

SAS ROTE OF

NOTICES

5 2 4 No. 3

as intriguing, though every-thing I had been led to expect was true. Excluding the Clone extension with its Turners, something approaching half the public space is currently ed, including the entire new wing that was opened in the late 1970s and all of the central Duveen Gallery beyond the Rotunda. The temporary map I picked up at the sntrance was already out-of-date. And what remains on view is disconcerting, at least to any regular visitor, for very little — even if it is to be found at all - seems to be where it was. Only the Consta-ble and the late Victorian rooms (Nos.10, 14-16) seem at all familiar, and only the Blake Gallery (7) is untouched.

By a coincidence, two ballets inspired by famous Russian satirical narratives were performed in Italy as part of this summer's festival fare. At the Teatro della Pergola in Florence, Flemming Flindt's Gogol-rooted The Overcoat (made to measure for Rudolf Nureyev) was the one dance event expressly produced for this year's Maggio. Musicale Fiorentino, while in Turin's

Fiorentino, while in Turin's

Parco Rignon Boris Kifman's

Leningrad Contemporary

Dance Theatre attempted the

near-impossible task of rendering Mikhail Bulgakov's

sprawling phantasmagoria The

Master and Marguerite in

The Gogol-based ballet had

the advantage of an unfallingly

delightful (and for the most

part apposite) accompaninent by Shostakovich, ably stitched together by Rubens Tedeschi — even if, as in Turin, the music was recorded, the orphestra of the Maggic being

orchestra of the Maggio being

taken up with serious matters

like opera and concerts.

Unfortunately, the music

provided the one wholly satisfactory contribution to the

Florence production since the

choreography, the scenery and

to a certain extent the performance all sabotaged the

Beni Montresor's mannered scenery and exaggerated

costumes were at fault in

distancing the work

excessively and overdoing the

dance terms.

still must wait upon that change to make that judge-ment. As I understand it, much ment. As I understand it, much of the renovation is no more than the removal of the physical accretions of tha last 30 years or so which, if it proves to be so, is a restoration to be welcomed. In particular, the central Duveen Gallery is to be opened up once more into the magnificent sculpture hall ft was always meant to be. We shall see

shall see.

The rehang is to reveal ifself in two or three stages from the end of October, but with many end of October, but with many key works still out on loan the definitive hang will only come together at the last moment, early next year. The collections are rich enough to plug those gaps all but invisibly, so, in famess, judgement again must wait upon the event. We should only remember that no great collection is even static, and the Tate's view of British and modern art has been constantly shifting and modifying itself, subtly and discreetly, over all the years that I have known it. A complete reorder known it. A complete reorder-ing now, in the light of the great changes that have taken place in recent years in the critical reading of all its peri-ods is no bad thing. We live in

Which leaves us with the interesting state, mess if you like, that the Tate is now in. It offers the most temporary of temporary hangs, with Picasso, for example, crowded into the small room to the right that usually holds a few recent

the space constantly wide open destroyed the tragedy; both the tailor's workshop and Akaky

Akakyevich's room cry out to

Disconcertingly, the title object was Indicrously mis-interpreted, being

conspicuously inxurious in grey slik, while the old coat that should have seemed in

tatters looked in perfectly

good condition apart from the nonsensically long

As for Flindt, he introduced

too many extraneous and

rather colourless characters -perhaps to give opportunities

to all the members of the local company, which supplied the support. None of the soloists had particularly interesting

roles, and their execution was

More seriously, the central character was not well

conceived: as a result Nureyev

just nsver managed to convince as a downtrodden clerk. Not only did his sense of

authority too often intrude, but

the choreography (whether

with his complicity or at his insistence, it is impossible to

say) was too consistently

classical in his solos. He could well at times have heen

interpreting some romantic

19th century character, and his

elegant hand movements

betrayed the role even when

his feet and legs did not. However, in its wrongheaded

unremarkable.;

Russian themes dance through Italy

ern side, and actually going up, on the day of my visit, in the rooms off to the left (5,6). Here there are two important points to make. All but halved, pro tempore, in its effective space, the Tate has been reduced, in both scope and size, to some-thing manageable in an agree-able afternoon. And, that said, there remains more than

enough to see.
Some of the principal gal-laries have been hung with selected major works, to repre-sent the nature of the several collections and to fulfil, as far as possible, the expectations of particular visitors: a quick run through 18th century British painting (3); Picasso (37); Sur-realism (33); Expressionism (35); Leger, Miro and Matisse (38). But there is more to it than the odd few masterpieces. Tha opportunity has been taken to bring out works of all kinds that are either far too seldom seen or, which is perhaps more pertinent, of com-

These aspects make the present hang so intriguing, most of all to those of us who think we know the collections well. We know the collections well. We know the purchase grant is pitiful and yet, with prices through the roof, what marvellous things have been coming into our hands these past few years. I found myself making a note of all on show that had been acquired given 1990 and in room after room, not just on the modern but throughout the collections, the proportion was gratifyingly high.

way, it was at least a notable

performance, and the satirical intent of Gogol's great story was rarely lost sight of, even if

it was not effectively expressed.
Boris Eifman, on the other hand, has no exceptional artist in his company and very oddly

chooses two satirical works (the second being Beaumarchais Le Marioge de

Figure) without injecting so much as a pinch of satire into his transposition.

well acquainted with his

emphatic, acrobatic style, which turns the Beaumarchais

into a tediously vulgar and

graceless romp to an insensitively chosen musical

collage made up of pieces by

Rossini, reorchestrated by

Timor Kogan.
Having been filmed (surely the ideal medium) and much

discussed, Bulgakov's complex

and many-faceted novel is well

known in the Soviet Union.

Anyone who had not read it

must have felt bewildered in

Turin, for instead of selecting

one or two strands for his

ballet (in 13 brief scenes),

Rifman has tried to include too

much - ignoring, however, precisely the satire against

hureaucracy in Moscow that

provides the most telling character sketches to a

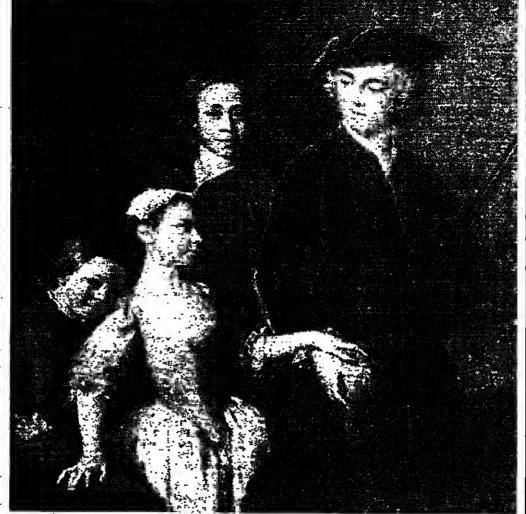
He has chosen Hell for the permanent setting, so Woland

Western eye.

The dancers in his

r-old group are evidently

paratively recent acquisition.



Thomas, 2nd Baron Mansel of Margam, and his siblings by Allan Ramsay, 1742

In that Gallery 38, for example, with its modern melange, the whole of one side - Dubuffet, Jnrn and Constant – seems new, with the splendid Helion nude of 1952 bought only last year. On into European abstraction (35) and there in the corner is an exquisite Ben Nicholson landscape of 1923, bought this year. The pair of late Derain portraits (32) were acquired in 1982 and 1987.

Over in the far corner of the Tate (16), along with familiar Sargent, Watts, Millais, Forbes and Bramley, are la Thangue,

(a pssndonym for Mephistopheles, taken from Goethe's *Faust*, one of the

book's main sources) rules,

even for the scenes at Calvary,

even for the scenes at Calvary, in which the ambiguous "Master" and Jesus look interchangeable. After a quite promising opening in the smoky, canopy-enclosed cavern designed by Teymuraz Murvanidze, the piece loses momentum. The diabolical revels are jazzed up by red and green lighting and crash-bang effects from Andry Petroy's

effects from Andry Petrov's

score, but they contain little of choreographic interest, the role

of Marguerite (Valentina Morosova, in point shoes)

being particularly poorly

developed.

Rather ironically, the most spirited dancing in the long

evening was contributed by Susanna and Figaro (Olga Kalmykova and Viktor Kabanyayev) in a classical-style pas de deux. The adjective "contemporary" is in

any case a misnomer by

Western standards, Eifman's

manner being that of a rather

heavy-handed distorted

More Western models will

have to be studied before Sovist choreographers (who tend to imagine that Maurice Béjart is the last work in modernity) are able to credibly

term their work
"contemporary" with any
stylistic connotation.
Freda Pitt

bought in 1982; Clausen, '83; Guthrie, '82. So it goes on in the lower galleries (18-23) given over to the 20th century British schools, with artists like Laura Knight and Augustus John returned to prominence, and Meredith Frampton's Mrs Kelsey, bonght in 1982, and William Rothenstein's Mother & Child, bought last year, again outstanding recent acquisitions. And there are so many more - Craxton, bought in 1984, Ayrton in '83, Ghisha Koenig in '86.

ish collection: Gallery 3 celebrates among many treats the fine Allan Ramsay group of Lord Mansel and his siblings, again bought only last year, and the quite magnificent Lawrence full-length of Lady Cremone, that was bought, it would seem, only the other day. Nothing could better give the lie to the old canard that the Tate, under its recent directors, has bought nothing but narrowly justified modern rubbish. This is as good a moment as any, and one that

will not last long, to savour its City of Birmingham

ALBERT HALL

The concert was designated a commemoration of the 50th anniversary of the outbreak of Second World War; its combination of Britten's Sinfonia da Requiem and Mahler's Seventh Symphony may not have been especially appropriate for the occasion

the Sinfonia. Britten revised and shortened the score Japanese government which commissioned it and the first performance in New York; the manuscript of the original version was unearthed when Rattle and the CBSO visited Japan last year and they have played it in Birmingham.

It would have been good to hear that brought to London, though this performance was utterly compelling in its own right, seamless and precisely weighing virtuosity against

Britten's works was contrasted Britten's works was contrasted with the Mahler symphony which comes closest to Berg's own sound world. Rattle's comprehension of this teeming, nngraspahle construction grows ever more convincing and the CBSO's command yet more anthoritative; almost at times too controlled, too times too controlled, too civilised.

The pair of Nightmusics conveyed less a sense of consciousness streaming past than of memories strictly martialled; the core of the symphony seemed unusnally secure, the nightmare held at arm's length. Yet not even Rattle can

make the symphony's final escape into Mastersinger-ish optimism entirely convincing. One looks for a saving irony, for something to indicate that the jollity is nnly skin-deep and that the traumas of the earlier movements cannot be so easily shrugged off.

But the ironic edge is not there, and the symphony cniminates in an cniminates uncomfortable blaze of untrammelled splendonr, from which orchestra and conductor rightly extracted

Andrew Clements

So too with the historic Brit- true catholic flavour.

Symphony

Sunday night's Prom; broadcast simultaneously on Radio 3 and BBC 2, brought the City of Birmingham Symphony Orchestra and Simon Rattle to the Albert Hall for their only appearance together in the current

but it was, musically, a potent juxtaposition.

Rattle conducted the standard published version of between its rejection by ths

expressive serenity.
The most Bergian of all

September 1-7

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FINANCIAL TIMES

Brussels

English National Opera,
Coliseum. The opening works
of the season are The Magic
Flute, in Nicholas Hytner's
enchantingly fresh and funny
production, and Katya Kabasaba,
produced by David Pountney.
The Mozart revival is conducted
by Lothar Zagrosek, and the cast
includes Thomas Randle, Cathryn Pope, Alan Ovis and John Théatre du Residence Palace. Le Nezze di Figuro is conducted by Robert Janssens with Isabelle Kabatu, Werner van Mechelen, Marie Noelle de Callatay, Victor Demaiffe, staged by Stefano Giu-liani, with the Brussels Festival Orchestra. Sept 5, 7, 8, 9 (513 89 40). ryn Pope, Alan Opie and John Connell

The Janacek brings back the Czech conductor Albert Rosen to the Colissum, and has Kathryn Harries, Pauline Tinsley, Edmund Barham and Donald Adams in leading roles. Sadler's Wells Theatre. For six

performances the Theater Lud-wigshafen (from Germany) and the Academy of Ancient Music join forces to present a "periodinstrument" production of Moz-ert's Entführung mus dem Seruil. The conductor is Christopher Hogwood, and the singers include Lynne Dawson, Marianne Hirsti and Douglas Johnson.

Glasgow

The only worthwhile ballet in Britain is in Glasgow where the New York City Ballet in perform ing in a brief season from Sept 6-10 at the Theatre Royal.

Vienna

Volksoper. The week's offerings include performances of Die Zauberflöte, Eine Nacht in Venedig, Don Gippard, Millocker's Gasparone, Hoffmarus Erzählungen, Die Fledermaus and Der

Hebbel Theater, Der Schrei, a German ballet premiere with guest Jorma Uotinen and therevived Der grüne Tisch. Monte-zuna in Herbert Wernicke's production returns with Iris Vermillion, Jane Giering, Gud-

Philhermonie. To commemorate the 125th anniversary of the birth of Richard Strauss, his Friedenstag will be performed in a concert version, conducted by Heinrich Hollreiser. Singers include Sabine Hass, Barbara Vogel, Bernd Weikl and Jan-Hendrik Rootering.

run Sieber and Walter Groen-

Hamburg Opera. The successful Broadway

musical La Cage our Folles by Jerry Herman and Harvey Fierstein will have its opening night this week, produced by Helmut Baumann with guest artists from the Theater des Westens, Berlin.

Opera. The new season opens with Aida, newly produced by

Jacques Karpo from France, The cast stars Livia Budai, Ros-alind Plowright in the title role, Lando Bartolini, Luigi Roni, Jean-Philippe Lafont, Masuto Matsushita and will be conducted by Bonn's music director Dennis Russell Davies.

Pesaro

Rossim Opera Festival, Audito-rium Pedrotti. This year's festi-val ends with Pier Luigi Pizzi's production of Rossini's Bianca e Falliero, conducted by Daniele The excellent cast includes

American tenor Chris Merrit, with Lelia Cuberli, Martine Dupny and Claudio Bisaro (Wed)

New York

New York City Opera. Leonard Bernstein's Condide conducted by Stanley Silverman, running all week, revives the Hal Prince an week, revives the Hal Prince production that helped estab-lished the company's reputation for keeping the American musi-cal alive. The season continues with per-

formances of Die Zauberflöte con-ducted by Scott Bergeson in Loft Mansourl's production with Eli-zabeth Hynes and Walter Mac-Neil and Il Borbiere di Siviglia conducted by Sergiu Comissiona. Lincoln Center New York State Theatre (877 4700).

Pina Bausch: Tanztheater Wup-pertal. One of Europe's leading avant garde dance companies presents Nelken (Carnation)National Theatre (5670031).

Life is a Dream

Festival, as we all know, was founded to perform Woyzeck and Blood Wedding in perpetuity, whether in the original or English, spoken or set to music, by amateurs, professionals, national natlonal companies or students. True to festival form, hoth Büchner and Lorca have been found at this year's Caledonian Kulturfest. Any departure from the norm throws the system into confusion, as witness the first night of *Life* is a *Dream* given by the Stary Theatre of Krakow at the King's. The programmes materialised after the performance was due to start; and ticketholders were reallocated seats on arrival since the authorities who had chosen the play for Edinburgh chosen the play for Edinburgh had been unaware that Jerzy Jarocky's production necessitates a catwalk traversing the stalls, in the middle of which is placed a huge cannon pointing at the stage. Remembering the confusion over Macbeth when advance tickets were honoured neither by the official Festival authorities nor the indefatigable local entrepreneur who took over after the announced Italians decided to go into hospital with a mass nervous breakdown -the playgoer might couclude that advance booking in

Edinburgh is something of a magical mystery tour. Calderón's play proves an uncannily apt choice for a Polish company today. To the favourite Renaissance theme of the transience of things is added a wry, fatalistic Slav shrug. And the adaptation by Jaroslav Marek Rymkiewicz overlooks none of the political potential of the story.
The Polish king has

immured his son and rightful heir since birth, following ominous prognostications in the stars. The young man is released from his prison for one day only, during which he is treated as king. Initially believing that this is a dream.

The Edinburgh International he behaves as immoderately as would be expected, posing the moral problem of what society can expect from one of its perpetual victims - and, more topically, how sudden responsibility can be assumed by those who have always been

denied it. The youth is sent back to his prison, more than ever convinced that his brief elevation was a dream; but a rising in his favour against the king's appointed heir (a Muscovite, as the Poles would note with particular interest) results in his reinstatement and determination to govern moderately: "Be humble; be merclful — you may be dreaming."

This production implies splendour with a black backdrop, a few sticks of ornate furniture and at one point a multiple set of gleaming, golden double doors receding into the darkness. The court and the military are ancien regime verging on Napoleonic; the captive prince is Jacobean. The production is both stronger and lighter than the RSC version some years ago. That seemed a consciously respectful museum-piece with a few dramatic touches, such as the necromancer's robe that spread over the stage like a starry floor. The Poles have no time for fripperies: for them this is obviously a tough and

urgent play. Krzysztof Globisz follows his obsessive student of the Cabala in The Dybuk with a finely human prince, convincing in anguish, rage and clemency and in humour; the Poles in the theatre chuckled delightedly in the course of the evening (90 minutes without interval): a sure sign that the rueful resilience of the Slavs has permeated early Spanisb baroque. The result was one of the Festival's most satisfying theatrical offerings, however hard it was to find out where you were sitting,

Martin Hoyle

BOOK REVIEW

The art of pretence

Scion of a Welsh farming and their lairs: McCowen finical butchery business, Fellow of Wolfson College, Oxford, glossy magazine profile - writer and sometime book-critic for Punch and others, Roger Lewis compiles sentences like other people compose job-applications, shunting one qualifica-tion up against another in the hope of making a good impression. The stated purpose of this breathless, occasionally breath - taking book is to weave together "those found loitering in the force-field of theatre,

cretic context for acting at this, the century's end." The idea is also to propose himself as some sort of intel-lectually up - market Sheridan Morley, invading the aforesaid syncretic context by invoking, and fatuously disparaging, the shade of Kenneth Tynan (what, pray, was "etiolated" - a favourite Lewis word — about Tynan's spell at the National Theatre?) and flourishing his

the aim being to sketch a syn-

critical credentials in the exhausting first hundred pages exhausting first hundred pages by piling up hymns to various divas, celluloid stars, Alec Guinness, Derek Jarman's film of *The Tempest*, Orson Wellles's *Citizen Kane*, and Michael Blakemore's backstage novel *Next Season*, and meditating with flash, synthetic brilliance on such topics as Why Actors Are Quite Offen Why Actors Are Quite Often Homosexuals? That dnne, Lewis, staring

snootily down his nose through owlish glasses on the back dust-jacket, a chubbily epicene Edwardian new fogey in a sleek fedora, sets nff on a series of "curvilinear profile essays" of seven actors and one actress, Judi Dench. And, at long last, you stop wanting to throw the tome in a corner and break its spine. Here is a care-ful consideration of many aspects of performing, the art of pretence, the correlation between acting and espionage, the counterfeit truth

Three of his subjects - Ian Richardson, Anthony Hopkins and Michael Williams (included as partner and husband to Dench) - impersonated, respectively, Anthony Blunt, Guy Burgess and Goronwy Rees in a television play. Richardson and Stephens both played Sherlock Holmes on film. Derek Jacobi played the camouflaged bomosexual codebreaker, Alan Turing, in the West End. And Alec McCowen has portrayed a notable string of evasive, lonely inquisitors – Malvolio, Martin Dysart in Equus, Alceste, Professor Higgins and

Hadrian VII. Lewis tracks the lions to and tart in an empty house of doors and windows, Stephens rumbustious and indiscreet in his regular pub haunt on Prim-Hill, Richardson softly grandiloquent in the Garrick Club, Jacobi jumping to in the Haymarket Number One dressing-room, Dench and Williams Pootering around under Ned Sherrin's supervision in a Chelsea rehearsal hall, Hopkins affably alert and rumbling

STAGE PEOPLE by Roger Lewis Weidenfeld & Nicolson £16.95, 419

pages in a National Theatre office. Lewis writes himself in, too, but he packs these 30-odd page essays with florid, exeget-ical digressions and wonderfully sustained appreciative analysis that never once flags. The garrulity pays nff and pays

its way.
Ironically, given the title, most of Lewis's study is of film and television, not theatre. Richardson's long absence form the stage is not explained. Hopkins's former alcoholism un - mentioned. The Jacobi essay is probably the least successful, chiefly hecause the actor's personality is not invoked by the showy analysis of Turing's mathematical genius or the (to me) over-the -top rating of the Little Dorritt film in which Jacobi's Arthur Clennam is clumsily related to

the Verdian soundtrack. The book improves as it goes along, culminating in a triumphant juxtaposition over the last 100 pages of Antony Sher and Simon Callow, the one an Olivier-obsessed enic hero "urgent solipsists" eradicating their communities, the other a luxuriating, Laughton-struck Epicurean whose creations are driven by appetite and a craving for "sexual and brainy ful-

filment '

I am not sure about toe syncretic context of ali this, or the clotted accumulations of self -advertising, not always convincing, appreciations early on, but I do envy Lewis some of his witty and perceptive defini-tions, of Sher's Richard III, for instance, being "massively dilated Molière" (he had lately played Tartuffe, demonically), and the thoughtful consideration of Hopkins's gallery of 'intrepid rapscallions"; his Antony an atavistic lumberer, his Lear a moon - man; and his Lambert Le Roux in Pravde a

Michael Coveney

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Tuesday September 5 1989

South Africa's election

TOMORROW'S GENERAL election in South Africe is important for one over-riding reason. For the first time since it won power 41 years ago, the ruling National Party has cam-paigned on the need for a constitutional accommodation with the country's black major-

A vote for the National Party, many of the white elec-torate will believe, is a vote for negotiations. If this turns out to be true, the election would prove a watershed. Unfortu-nately, the voters have been offered a pig in a poke, so vague is the Nationalists' manifesto. Unless the party takes early advantage of its expected electoral victory, no matter how narrow, to open talks with black leaders on weys to create a democratic state, the pressure for tougher economic sanctions will intensify and the defiance campaign now under way in South Africa will gather strength.

Such talks carry a risk for the National Party and its new leader, Mr F W de Klerk. They could well lead to defections to the ultra-right Conservative Party. Many Nationalists sympathise with the Conservatives and their commitment to old-style epartheid. The compensation for Mr de Klerk, however, is that it would also open the way for a coalition with the Democratic Party, which advocates negotiations with the African National Congress.

Realignment

Such a realignment of white politics will depend on whether the National Party opts for fundamental change. Regrettably, the campaign has provided little reason to believe that Mr de Klerk is about to embark on such a course.

Having reluctantly surren-dered its belief in the apartheid vision of Hendrik Verwoerd, a doctrine which permeated the life of its supporters, whether in church or on the playing field, the Nationalists give the appearance of being in an intellectual vacuum.

Nothing illustrates this better than its convoluted and opaque manifesto. It speaks of creating a system that "guarantees the political rights of groups," and protects "group values" - which to most observers smacks of old-fashloned apartheid. True, Mr de

Klerk has promised "drastic changes in the constitutional sphere."

This concedes no more than what has long been apparent that the parliamentary system, introduced in 1985, which pro-vides separate assemblies for whites, coloureds (mixed-race) and Indians, and excludes hlacks altogether, has failed.

Mr de Klerk remains as vague as his predecessor, Mr P W Botha, as to what will go in its place. Like Mr Botha, he speaks of aharing political power, and holds out the prospect of talks with "representative" black leaders. Lika Mr Botha, he will surely find that be encounters the same message from black South Africans: release Nelson Mandela, the imprisoned ANC leader and other political prisonars, so that they might join other black leaders at the negotiating table.

There are welcoma signs that the National Party might be moving in this direction. It has dropped its insistence that Mr Mandela should renounce violence as a precondition to talks, accepting his hroad commitment to a peaceful settle-ment in South Africa. Mr Mandela's move from prison cell to warder's bungalow; his meet-ing with Mr Botha; the opportunities he has been given to consult with colleagues: all this may well be a process of phased release, conditioning white and black South Africa, and allowing the ANC leader to prepare for the turnult that will mark his liberty.

But there are also signs that the party, perhaps feeling vul-nerable to defections to the Conservatives, is still reluctant to grasp the nettle. The subject of the ANC, and the concilia-tory negotiating proposals, presented to the Organisation of African Unity in Harare last month were not. South African and Zambian officials say, dis-cussed at last week's meeting between Mr de Klerk and President Kenneth Kaunda.

This vacillation augurs ill for South Africa. The charitable explanation is that Mr de Klerk wants to keep the extreme right at bay until after the elec-tion. The alternative is that the new era he has promised South Africa will prove an illusion.

Protecting the countryside

A CURIOUSLY neglected area in Britain's debate on green issues has been the need to protect the British countryside. Global issues such as the greenhouse effect and local ones like nitrate pollution in drinking water have been much aired. But apart from the odd controversy about new housing, little has been heard of the dangers to the country-side from policies espoused by the Thatcher government.

Yet, as a recent Gallup opin-ion poll showed, Britons care ahout the countryside and a large majority - almost 80 per cent - believe it is in danger. The principal threats are seen as new housing, the building of motorways and rural traffic, although almost half those questioned felt that the peace and heauty associated with the country were being threatened because too many people were moving into it. The poll is fascinating evidence that the British remain as attached to the countryside as ever.

What may be more impor-tant for politicians is that 48 per cent of Britons say they "are concerned enough ebout the countryside and nature conservation to consider voting for another party in a general election." Fewer people are likely to vote Green in a general election than voted so in June's Euro-elections. Yet the message seems clear. The government's concern for the environment must also emhrace what seem to be widespread fears about the degradation of Britain's countryside.

Policy success

Part of the government's problem in taking countryside protection seriously stems from the success of its own policies. In many regions of rural Britain, the recession of the early 1980s and the recent downturn in farming's fortunes, have givan way to an explosion of non-farming economic activity. New, often high-technology based industries have created jobs, while better transport links have made remote areas accessible and attractive to incomers.

The fillip this bas given the rural economy is welcome, but there is a downside: in new, often ugly, housing, too dense for a rural environment, in crowded roads and in the erosion of peace and quiet.

Some of the government's detailed new proposals - such as that to allow farmers an even wider exemption from planning permission to diversify into, for example, safari and amnsement parks – would only compound the

More broadly, while the post-war planning system has failed to cope well with the new developments, the government response has been the wrong one. Its White Paper on proposed planning reforms would give more power to local authorities at district level. thus weakening strategic planning in the countryside as a whole, just when the argument for strengthening it is stronger

Strategic decisions

There are major strategic decisions ahead which will radically affect the countryside: they range from the sale of land of high landscape value throughout Britain by the newly privatised water authorities to plans for a £12bn motorway improvement.

Beyond that, however, the very pressure of population in rural areas, particularly - but not exclusively - in southern England, combined with voters' evident wish to conserve its values, calls for some new, national thinking on precisely what it is we want from the countryside.

The Pearce report, published earlier this month and wel-comed hy Mr Chris Patten, the new Environment Secretary, as "very close to his own thinking," may provide a good beginning. For Professor Pearce, an environmental economist, espouses the notion that society should put an economic value on "natural" assets like landscape, just as it does on the motorways or housing which degrade it. The trade-off between the two could then be more clearly appreciated and be taken into account in gov-ernment plans — and at elec-

The concept is a difficult one, and does not sit easily with the free enterprise philosophy of the Thatcher revolu-tion. But Britain's landscape is too fragile and its countryside on too small a scale for the government's present "plans" for it to continue unchanged.

Kevin Done reports on the problems besetting Europe's smaller car-makers

nly 18 months ago Saab-Scania appeared to he a role model for the European motor industry.

As Daimler-Benz diversified into defence and aircraft-building, and British Aerospace hought Rover Gronp, the UK car maker, it was natural to look to Saab's example. The Swedish blue-chip group had long had extensive interests in cars, trucks, aerospace and missiles.

Talevision commercials showed a partner aerospace and missiles.

Television commercials showed Saab-Scania'a Viggen jet fighter screaming into the sky above tha group's latest car offering. The commercial conveniently omitted the fact

that the group was making most of its money from the far more mundane hut lucrative activity of truck mak-And a more complete picture today would add that Saab's jet fighter programme is facing frightening cost over-runs; that the first prototype of its multi-role combat plane for the 1990s crashed spectacularly in February; and that Saab's car division has

now made an equally spectacular crash landing. The group revealed yesterday that the car division has plunged into deep financial troubles, with losses of around SKr800m (£77m) in the first half of 1939 alone. At the same time it confirmed for the first time that it is negotiating with Ford of the US on some form of co-operation to salvage

the battered car operations.

While the US dollar was strong in the mid-1980s, Saab's car operation, a minnow of the world automotive industry, was able to make easy prof-its in the US. In this it was much like other specialist European car makers such as Jaguar and Porsche, which have also been dangerously over-de-pendent on the whims of American

luxury car and specialist car buyers. The bubble has burst in the last wo years, however. The value of the US dollar has plummeted. Sales of European luxury and executive cars in the US have tumbled, as the European car makers pushed their prices up to unrealistic levels to try to bolster their falling US profits. Saab's sales in the US fell to 38,000 last year from 44,400 in 1987 and 47,000 in 1986. In the first seven months of 1989 its in tha first seven months of 1989 its

US sales fell 13.3 per cent to 19,828.
Saab is not alone. Porsche sales in the US are still falling, forcing a far-reaching retrenchment of the West Germany company's earlier grandiose sales and production ambitions. Later this month Jaguar, the independent UK luxury car maker, will disclose another steep fall in profits for the first half of 1989, as it edges perilously close to the break-even point. Even West Germany's Mercedes-

Benz cars have suffered a 16.2 per cent fall in US sales in the first seven months this year. Along with BMW, its arch domestic rival, and the other European car makers, Mercedes has been forced into the indignity of offer-ing discounts and sales incentives in order to "move metal" in the best traditions of the volume car makers. Saab has been perhaps the most extreme sufferer among Europe's specialist and luxury car makers, however. It lacks the size and resources to compete when the going gets tough, but is exposed to a particularly com-petitive segment of the world execu-tive car market. It might have a bigger production volume than a Jaguar

in less rarified segments of the world car market than these two luxury European marques. With total car sales last year of 116,300, Saab ranks as ona of Europe's smallest specialist car makers. Its domestic rival Volvo had sales last year of 400,900; BMW of West Germany plans to make 500,000 cars this year; and Mercedes-Benz made 559,713

cars last year. In addition, all car makers in western Europe and North America are

Saab needs and it is not alone

facing a serious challenge from Japan, particularly noticeable in the speed at which the Japanese auto manufacturers are able to develop new models and bring them to the market.

Saab has slim resources with which to meet this challenge. It has per-formed marketing marvels during the 1960s, but its basic lack of new products is now being shown up at a time when the financial stakes and risks

are rising relentlessly.

Even the giants of the industry – from General Motors and Ford of the US to Toyota and Nissan of Japan and Europe's Volkswagen – have accepted that alliances, joint ventures and collaborations are inevitable as the financial burden of capital investment and model development programmes grows. Hence Saab's announcement yester-

day that it is seeking some form of supportive co-operation with Ford. The only surprise is that the move has been made so late.

Saab has performed marketing marvels in the 1980s, but its basic lack of new products is now being shown up

Saab has come a long way since its eccentrically-shaped two-stroke car of the early 1950s — a sort of Nordic answer to the Volkswagen Beetle. That first car lived on in various guises for more than 30 years. In the second half of the 1970s, however, after a period of heavy losses, the group embarked on a radical change

of strategy.

It accepted that its only route to survival was to concentrate on exclusive well-equipped high performance cars, exemplified by the Saab 9000, launched after nearly 17 years of try-

launched after nearly 17 years of trying in mid-1984.

To develop this car, Saah pooled
technical resources with Italy's Flat
group and Alfa Romeo of Italy (then
still independent). The 9000 range is
only the group's third entirely new
model in around 40 years of car-making. According to senior executives,
little more can be expected in terms of
fundamental new model launches
before 1991 or 1992 before 1991 or 1992.

Mr Georg Karnsund, Saab-Scania's hard-pressed chief executive, accepts that the Saab car division has had "insufficient volumes and the costs per produced unit were excessive." Earnings are set to deteriorate further during 1989 Saab has already reshuffled the top management of its car division, and announced a cut of 1,500 to 2,000 over the next two years in its 15,500 strong car operations workforce. It is seeking to sell off non-es-sential components operations in three locations in Sweden and one in

OBSERVER

Norway which could involve the loss of a further 1,500 workers, and it is cutting production in order to cope with bloated stock level in the US.

Next month, ironically, it is scheduled to bring its new Malmo car plant, built at a cost of more than SKrlbn, into production. This could increase available capacity to around 180,000 cars a year in the early 1990s. Last year's sales came to only 116,300 units, a drop of 11.4 per cent, and production this year is now scheduled to total no more than 111,000. Much depends on how quickly Saab can halt the slide in North America.

Mr Karnsund blames the car division's problems squarely on the prob-lems in the US. For logistics reasons cars for the US market are produced at the beginning of the model year starting in the autumn. "When the US market sagged it was impossible to divert cars built to US specifications to other countries because of differing legal requirements," said Mr Karnsund. The group was left with bloated stocks of US cars of around 3,000 units, which were unlikely to be eliminated before the end of the year.

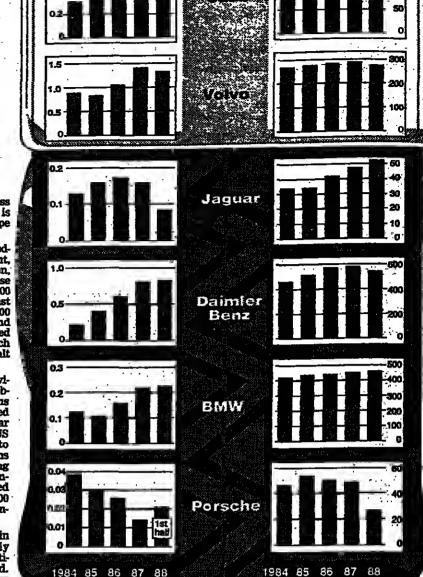
At the same time "the steep rise in costs in Sweden has successively reduced the productivity and competi-tiveness of our industry," he said. Absenteeism at the group's main car production plant in Trollhättan is running at around 23.4 per cent among blue collar workers, while the plant has a workforce turnover rate of around 25 per cent a year.

By cutting production Mr Karnsund hopes that Saah will be no longer have "to push cars on to the market . . . This will allow a major reduction in our discounts, as well as cutting capacity, storage and interest

In time, however, Saab must increase its volumes again. Mr Karnincrease its volumes again. Mr Karisund says it must build a production volume base that could bear high product development costs. Maintaining a capability in product development was "a question of long-term survival," he says. "My basic view is that we would achieve bigger volumes footer through a placement with faster through collaboration with a suitable partner."

Whether Ford is that partner remains to be proved, and both comform a collaboration could take.

With around 11.2 per cent of the West European car market, Ford is in fourth place behind the Volkswagen group of West Germany, Flat of Italy and Peugeot of France. Unlike its rivals, however, Ford must currently rely on only one brand-name. VW includes Audi and Spain's SEAT, the Fiat group includes Lancia, Alfa Romeo and Ferrari, while Peugeot also has the Citroen marque.



Ford has made no secret of its ambition to acquire additional marques in West Europe. In the sec-ond half of the 1980s it has already held abortive talks with the UK Gov-ernment about the takeover of the Austin Rover car operations (includ-ing the still attractive Rover and MG brand names), and it has unsuccessfully sought a merger of its European car manufacturing operations with those of Fiat.

1984 85 86 87 88

It has made warm noises this year about Jaguar, which will be brought into play at the latest from the end of 1990 when the UK Government's so-called blocking golden share expires, and it already owns 75 per cent of Aston Martin and 51 per cent of AC, the tiny specialist UK prestige and sports car makers.

Ford has already shown itself to be one of the most flexible world car makers in seeking ont collaborative ventures and is creating one of the most explicit webs of alliances, which, says Mr Donald Petersen, Ford's chairman and chief executive, "give us access to markets and customers we might not otherwise reach."

It has close ties with Mazda of Japan; several collaborative projects with Nissan, one of Mazda's chief domestic rivals; and an equity stake

in Kia Motors in South Korea. In South America it has chosen to pool its activities with the local operations of Volkswagen of West Germany. Ford owns 49 per cent of the resulting company, Autolatina, one of the largest joint venture companies in the world auto industry. 35

Ford could certainly bring Saab new marketing muscle in the US. A collaboration with the Swedish producer could offer a way of easing Ford's tight capacity problems in Europe and even offer a way of bringing Mazda, its Japanese affiliate, into Europe — a project that is also now under consideration.

It is still to be shown what the ultimate cost to Saab of Ford's help would be, however. It appeared for a time in the early 1980s that small could be beautiful in the world auto industry, when many of the giants were making huge losses. But the tables have been turned again, and it is the volume makers that are now making the profits.

Collaboration will be increasingly unavoidable for all the industry's par-ticipants. For the second-tier produc-ers, such deals are now a matter of sheer survival — but the shift of balance in the industry has ensured that the bargains will be struck on the big companies' terms.

Diplomatic football

■ It is perhaps lucky that Chile is one of only two South American countries that does not share a border with Brazil (the other is Ecuador). If it did, tha tanks might even now be massing on either side following the events in Rio de Janeiro's Maracana stadium on Sunday

As it was, Chilean football fans contented themselves bystoning the Brazilian embassy in Santiago. Everyone expected the World

Cup qualifying game between the two countries to be poten-tially explosive — not least because if Brazil lost it would be the first time ever the national squad failed to reach the finals. In the first round in Santiago last month, the Chileans hacked their way to a 1-1 draw, courtesy of an appalling referee and an indirect free-kick placed three yards from the gealmouth and taken while the Brazilians

were still appealing.
The protests from the Brazilian footaball association per-suaded Fifa, the game's international overseer, to force Chile to play its next bome qualifying game on neutral ground in Argentina.

Back in Rio, hoteliers lika Jose Eduardo Guinle of the stately Copacabana Palace proved their patriotism by ref-using to shelter the Chilean team and their controversial manager. "I will not accept a team of gangsters led by a lunatic." he said. When they finally arrived,

the Chileans' security would not have disgraced a visit hy President Bush to Beirut. Brazil were leading hy a sin-gle goal when a 24-year-old secretary, Rosemary Melo, chose to enliven her first visit to the stadium by launching a maritime distress flare into the Chilean goalmouth. The Chileans walked off and did not come back. All this is regarded by the

foreign ministries of both coun-

between Holland and Cyprus in October 1987 the Cypriot goalkeeper was also injured by a missile. The Cypriot team continued with the game, losing 8-0, but later filed a petition to annul the match and have it replayed. The request was granted by the European feder-Real Irish ■ An Irish friend swears this

tries as the most important

single event in their usually

uncontroversial bilateral relations since the fall of Chile's

The matter is being referred to Fifa in Zurich where the

president, Joso Havelange,

expect him to do his duty.

is a Brazilian. It goes without saying that his countrymen

■ It will be remembered that

the precedents for trouble on the field include a football war

between Honduras and El Sal-

vador in 1969. Assuming such hostilities are avoided, the Fifa

rules say that, if a team aban-dons the field, it will lose by

20 if the score is less than thet. But the Chileans argue that it would have been impos-

sible for them to go on because

there were no guarantees that such an incident would not

be repeated.

For the record, in a game

President Allende.

Precedents

story is true. A woman preparing her busband's Friday salmon sandwiches gave the scraps to the cat. About lunchtime she notices the cat staggarders about the bayes. gering about the house Assuming the worst, she phones her husband.

"Have you had your lunch?"
"Yes," he replied, "the sand-wiches were delicious." "Then

go to the medical centre and have your stomach pumped

利用

"Norman's doing rather hush-hush community work."

out. I gave the scraps to the cat and it's staggering all over the place." The husband came home

feeling worse than the cat. Come Saturday, the husband, still feeling delicate, opens the front door to let the cat out and sees the milkman leaving the day's delivery. "Glad to see your cat's all right now," says the milkman.
"I got a bit worried yesterday. because I dropped a pint of milk on its head."

Luck ran out ■ It is the end of the road, or almost, for Pentti Kumpu-

maeki, a 37-year-old Finnish bachelor who mysteriously came into money.
The Tampere city ex-postman was sentenced to prison for 2 years and 10 months yesterday for gross embezzlement. He had pocketed, and largely spent, FM4.7m (\$1.06m) that was accidentally deposited in his savings account by SOK, a large Finnish firm. The money began to be paid in last February and continued to arrive over the next few months. Kumpumaeki did not ask any questions; nor did he waste any time. He left his low-paying civil-servant job in March, later, purchased a lavish FM1m (\$227,000) house and bought two cars and a boat. He also took a group of 10 friends on holiday to Majorca at his expense and gave them each FM10,000 pocket money.

On July 10 Kumpumaeki was arrested after SOK discov-ered that it was not a Laplandbased firm it was paying its bills to, but an ex-postman liv-ing it up in Tampere. SOK had paid the sums of money almost to the right account, but had added an extra zero to the

Kumpumaeki pleaded not guilty and is planning to appeal. An estimated FM2m is still missing.

Autocratic ■ Mrs Thatcher has demanded

an autocue — in the manner of ex-President Reagan — for her address to the 100th anniversary meeting of the Inter-Parliamentary Union in Lon-don tomorrow. Although the Prime Minister has used one before, they are not yet stan-dard installations even in the Queen Elizabeth II Conference Centre, and officials expressed surprise that she alone should want one. Nevertheless, she is getting her way.

Modern peril

■ Cautionary note for errant spouses: be careful when you program your mobile telephone's memory bank of frequently dialled numbers. One wife I recently heard of made an unpleasant discovery when she borrowed her husband's handset. He had stored her handset. He had stored her phone number as memory 3, his office as 2 — and another woman as 1. The marriage has not recovered.

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LETTERS

Health and safety in the UK workplace

From the Chairman, Health and Safety Commission. Sir, Kevin Brown's article on UK transport congestion ("Safety-cost conflict," August 23), suggests that there are misgivings about the indepen-dence of the Health and Salety Executive and its civil service staffing. This is certainly not

the view of the Health and

STAN CONTRACTOR

Safety Commission - nor of other commentators. The Health and Safety at Work Act 1974, which was enacted for the protection of people at work and the public from threats to their health and safety from industrial and commercial activity, including major industrial accidents, set up the Health and Safety Com-mission and the Health and

Prom Mr F. Brian Hayes.

THE P

Sir, I have remonstrated before against the fashion for unilateral renegotiation of dou-ble taxation treaties. The UK Government has dis-

covered, with regrettable enflustasm, the simple device of amending the sections of the

Taxation Acts which give effect to treaties generally, while the US merely applies

the doctrine that the last act of Congress over-rules all other

The UK, the world's second largest holder of foreign direct

investment can only lose from this process. Indeed, we now find that most if not all British investment in the US is now

Ill treatment of a treaty

Safety Executive. Their posiantees the day-to-day independence from Government necessary to enable them for fulfil their functions and command public confidence.

Many of the Commission's and the Executive's activities border on or overlap with those of departments of state with responsibilities for such matters as public health, transportation, energy, environmental questions and public security. In some cases the Commission assists these departments in the execution of their policies; or departments act on its behalf.
In others, it acts on its own behalf in pursuance of its statutory hadding its

enacted, will so dilute the value of the UK/US Bouble

walue of the UK/IS Bouble
Taxation Treaty as to render it
virtually a worthless scrap of
paper. I refer to the proposals
relating to "income stripping."
These are flatly contrary to
Article 11 of the Treaty
I would have hoped that UK
Treasury ministers would forcliky point out through official
channels that there is not
much point in having a treaty

much point in having a treaty if either side feels free to alter its domestic legislation in

clever wajs so as to render the treaty meaningless. As it is, we would seem to have been

dripped of this one all-impor-

F. Brian Haves

Plumtree Court, EC4

of State for Employment, who can give statutory directions to it. It is made up of representatives of employers, trade unions and local authorities. The Commission's main instru-ment is the Health and Safety Executive which, through its inspectorates, enforces health and safety law in most UK industrial premises, to protect both workpeople and the pub-The Executive advises the

John Cullen, Health & Safety Commission, Baynards House, 1 Chepstow Place, Commission in its important task of laying down safety standards through regulations Westbourne Grove, W2

task of reforming the law on health and safety, the Commis-sion makes proposals to the and practical guidance for very large numbers of industrial processes, liaising as necessary with Government departments Televant Secretaries of State.
The Commission is appointed by the UK Secretary and other institutions. The Executive is also the lic-

ensing authority for nnclear installations. Its director gen-eral and other two members are appointed by the Health and Safety Commission with the approval of the Secretary of State. In carrying out its statutory functions the Executive acts independently of Government, guided only by the Commission as to general health and safety policy.

Skill is doing

From Miss Joyce Cade. Sir, Yon are right to be sceptical ("First step on the skill ladder," FT leader, August 30) over the anxieties of a group of academics at the National Institute for Economic and Social Research about the efforts of the National Council for Vocational Qualifications to introduce sensible and progressive systems for assessing practical skill levels on the job. For years we have been hear-ing the complaints of employ-ers and industrialists about the inadequate skills of school leavers. One problem has been that the emphasis was always on writing about things, not on

doing them.

Giving credit to people for their practical skills without

demanding that they write essays or complete multiple choice question papers is wholly to be welcomed. The fact that academics see this as validating "semi-literacy" is a classic example of educational

In the training industry we confidently expect our oftenquoted German partners to start using our work-based training and assessment techniques, once they realise how much better they are than the rather hidebound methods currently favoured in the Sachhochschulen. Joyce Cade,

Cambridge Training & Development, 43 Clifton Road,

Knots in

the knitting

From Mr John Harrison.

Sir, The "Textile Managers blamed for alump" headline on Alice Rawsthorn's report

(August 25) on the recent sur-

vey of management training in 29 firms in the clothing and knitting industries is as unfor-

tunate as it is misleading.
It acknowledges that "the clothing and knitting indus-

tries are probably not very dif-

ferent from most of Britain's

other industries in their attitudes to management training and development." But no one

should be deluded into believe ing that the principal cause of the undoubted slump is man-

new advanced technology between 1982 and 1986 (latest

overseas markets, with exports

up by 50 per cent between 1980

and 1983 to £700m. Could such achievement be attributed to

industries with low calibre management?

is over-exposure to unfair com-petition, particularly from the less developed countries (LDCs) and the newly industri-

alised countries (NICs). These, in their first ateps towards industrialisation, invariably

invest in garment production facilities. On top of compara-tive low-cost labour advantage

(as low as 10p per hour), many

enjoy heavily subsidised exports and investments in

haildings and machinery,

export subsidies and, paradoxically, have markets protected by penal tariffs of over 100 per

An undervalued US dollar, to which many of these countries artificially link their own cur-

rencies, has increased their

price competitiveness in rela-

Knitting Industries Federation,

John Harrison

7 Gregory Boulevard, Nottingham

tion to the UK hy 65 per cent

The real cause of the slump

agement performance.

Management

From Mr Andrew Campbell. Sir, The French study on diversification (Management page, August 11) raises the issue of focus in a diversified company. Kenneth Gooding records the study's conclusion that diversification is most suc-cessful when it is based on a corporate skill. According to l'Ecole des Mines, companies with a clear idea of their skills

this. It is not a new thought, yet it is subtly and importantly different from the old concept of "core" businesses — and this is where Kenneth Gooding

confuses the issue.

He draws a parallel with the "back to basics" trend showing the similarity between the concept of related skills and the idea of industry focus. It is slogans have come to mean products or similar markets or trade with each other.

basics" thought. It argues that businesses are related if the move from tobacco into beer, where it used marketing skills

The difference between the back to basics slogan and the skills slogan becomes greater when attention is placed on "parenting" skill: the skill of the beadquarters to the skill of the beadquarters. the headquarters team.

emerge. Hanson's portfolio of mature, basic businesses can be seen to be related. The portfolio of a venture capital comtheir parent company.

Management Centre, 17 Portland Place, W1

From Miss Sally Baden.

Sir, John Patten, the Home Office Minister (Letters, August 29), challenges Edward

Mortimer's argument that humanitarian standards in the treatment of asylum seekers

are declining in the west ("The

Closing Door to Sanctuary."

Angust 22), by picking at details out of context.

As the supplier of much of Mr Mortimer's information, I

concede that the article con-

tained one error it is indeed

true that the five Tamils men-

tioned were not returned to Sri

Lanka within four days of their

arrival. But two of the five Tamils mentioned were among

a larger group of asylum seek-

ers whom the Home Office

attempted to remove on Febru-ary 17 1967, four days after their arrival. And despite evi-

dence of persecution of the five

Tamils after their return, the

UK Government has resorted

to legal acrobatics to try to

The issues and arguments raised by Mr Mortimer's article cannot be so easily dismissed,

as the full story of what hap-

block their asylum claims.

are better at diversifying.

more useful to explain why these are different. The "core business," or "back to basics" focus on one industry. This view argues that businesses are related if they have similar

The "related skills" thought differs from the "back to management skills, such 'as production or marketing, are similar. This does not necessarily mean that the businesses are in the same industry. (One example was Philip Morris's

to revitalise Miller.) ...

By understanding parenting skills, new kinds of relatedness pany can also be seen to conthey are all start-ups, needing the same kind of support from Andrew Campbell.

Director, Ashridge Strategic

skills defined

Work we have done supports

placed in serious jeopardy. Proposals before Congress, if

From Mr John Spellar. Sir, it may well be — as Joe Rogaly says ("Politics Today," September 1) — that a piedge to reform our voting system would attract voters to the Labour party. That is not the Same as proportional representation, although there has been a strong campaign to persuade the public that they are synon-

To show more fair

An equally valid system has Constituency Labour Party. "Conference is aware that the British electoral system is unfair, but it does not accept the case for proportional repre-sentation. Conference therefore

From Mr Nigel Johnson-Hill. Sir, Freedom to cross fron-tiers, to reside, settle and work in each other's countries is an

Macau who have been given the right to reside in Portugal will have the right to reside in the UK or in any other EC country. Similarly, 3.25m Hong Kong Chinese, if given the right to reside in the UK, will also be able to settle in any other EC country. So the question of residence for Hong Kon-gers should be decided by the foreign secretaries of all 12 EC

nember states. In the 1970s, the UK government created a new type of British citizen and issued a British passport which excluded the right to reside in the UK. If such a selective type

pened to these and other Tamils illustrates. The real issues

arising from this case are:
That the Home Office's own

procedures were ignored in the rush to remove the 58 Tamils

in February 1987;

That the Home Office Minis-

ter of that time publicly denounced asylum claims as "bogus" before any thorough investigation of the cases;

That the costly and lengthy legal wrangle which ensued reaching as far as the House of Lords — was not a full examination of the validity of asymmetric control of the validity of asymmetric control.

lum claims, but rather centred

on points of law. The first fac-tual appeal of the five asylum

cases was the one heard by the

immigration appeals adjudica-

tor after their removal to Sri

Lanks. (The Government has continually refused to establish

an independent appeal system, accessible to all asylum seek-

ers before removal, to examine

the substance of their claims); That it has now been estab-

lished that the five February 1988 returnees have heen detained, beaten and/or tor-

tured since their return, and

erument to replace first-past-the-post voting with the 'one, two, three' system (the alterna-tive vote)." To this has been added an smendment by the BETPU. Such a system would preserve the historical principle of the

calls on the next Labour gov-

VINTER-

single memher constituency while ensuring that representatives have the support of the majority of voters.

Electrical Electronic Telecommunications & Plumbing Union

Hayes Court, West Common Road Bromley, Kent

Hong Kong and the EC

Thus 259,000 Chinese from

of citizenship can be created once, it can be done again.

Hong Kong Chinese could be granted the right to reside in the UK, with two restrictions.

A non-EC immigrant into the EC must spend, say, two years in the host country before becoming free to take up residence in another EC country. This would probably alleviate some EC foreign ministers'

fears - immigrants, once set-

tled in a new country, tend to stay in that country. Second, the UK government could direct the new immigrants to certain parts of the country - again for a minimum two-year period. Samuel Brittan suggests encouraging the immigrants to the underpopulated north of England (August 10). I suggest that the prime target area should be Northern Ireland. Hong Kong entrepreneurial skills would transform the local economy, and the presence of a large number of Hong Kong Chinese could go some way to defusing the current tensions.

Nigel Johnson-Hill, Park Farm, Milland

'UK Government has resorted to legal acrobatics over asylum'

forced into hiding or exile else- That after evidence of their maltreatment came to light, the Home Office persisted in trying to block the return of the five, although a legally binding ruling that their asyhum claims were — and are — valid was made by the immi-gration appeals adjudicator in March of this year.

Mr Patten has to agree with Edward Mortimer that the pro-portion of applications granted refugee status is decreasing, but goes on to say that throughout Europe, the number of people granted refugee status has increased substantially since the 1970s, while their proportion of a hugely enlarged total has fallen."

It is sometimes convenient to obscure the UK record in the more generous European one. In the UK, the mumber of people granted refugee status fell from 1,147 in 1980, to 378 in 1987; with a fall in proportion from 64 per cent to 13 per cent. (British Refugee Council, November 1988: based on Home

Most worrying of all, how-ever, is Mr Patten's assertion that "the reasons for this increase (in numbers of asylum seekers) are largely eco-nomic. it is a delusion to think that unemployment and poverty in the third world can be solved by 'economic' migration to the west.

Are Sri Lankan Tamils, an oppressed minority in a state in civil war, "economic" migrants? Are Iraqi Kurds ficeing from extermination by chemical weapons "economic" migrants? Were Iranians running from persecution in Kho-meini's Iran simply seeking a better life? These are among the largest groups of asylum seekers coming to Britain in the 1980-87 period.

It is one thing to make a genuine mistake; it is another ruthlessly to pursue the goal of reducing immigration statis-tics, at the expense of human suffering and - one day, if it has not happened already human lives.

Refugee Studies Programme, Oxford University

FOREIGN AFFAIRS

Unshakeable grip of war in the South

Edward Mortimer on superpower intervention in the Third World

the unshaking grip of war, rebellion, infiltration, terror-The last point is pretty well incontrovertible, the foregoing ones much more dubious. Cerism or endemic handitry." Since 1945 there have been at least 80 wars, says Brogan, resulting in the deaths of between 15m and 30m people; tainly the status quo in most Third World countries is appalling, since it includes not only grinding poverty, even malnutrition, for the mass of and he calculates that there are well over 30m refugees in the world today - "probably as many as there were during the population hut also con-spicuous maldistribution of the mass movements of people resources, corruption, and often also vicious repression, after World War II" - if one includes people who have fled their homes without crossing without which such a state of affairs would hardly be tenahie. And we may concede to Halliday, as virtually a truism, that "where non-revolutionary Surely at least things are getting hetter rather than transitious are resisted, and the ruling group prevails against political opposition, worse? Not necessarily. In the West we tend to assume they are, because in some respects things are going our way - a phenomenon savagely attacked then the prospects of revolu-tion increase, as the only avail-able means of challenging a

n my parish church this

Sunday we were told to feel grateful, not so much

to those who gave their lives or

made other sacrifices for our freedom in the war which began 50 years ago as to the Almighty for allowing us to live in "the peace of 1989."

As a European I feel grateful for living when I do, but above

all for living where I do. In so many other parts of the world Lebanon, Afghanistan, Cam-bodia, Sudan, Angola, El Salva-

dor, Colombia (to pick a few at random from the headlines) – the words "peace of 1989" must

have a desperately hollow ring. According to Patrick Brogan,

in his recently published survey, World Conflicts*, "about

40 countries in the world are in

an international frontier.

in another recent hook** by Fred Halliday, Professor of International Relations at the

London School of Economics.

The cultural climate in the

developed world." he writes,

"has heen marked [in the 1980s] by mass narcissism and

historical amnesia: this has

nowhere been clearer than in the belief that we are living in

a world of one, ever-freer, 'modern' and universal politi-

cal culture, with an increas-

political system."

ingly and beneficially unified

The hurden of Halliday's hook is to question whether the Third World can expect to

benefit from the recent

improvement in superpower relations. His broad conclusion

is that it cannot. This is partly

because he has a bias in favour of revolutions, born of a strong

distaste for the status quo. That leads him to regard

American interventions in the Third World, which are avow-

edly counter-revolutionary, as

on the whole more damaging than Soviet ones; and he sees the current detente as an asym-

metrical affair, produced by a

Soviet retreat before a US

offensive, rather than hy an equal willingness of both sides

to make concessions.

and hostility without, and was bound to lead to a strengthen-ing of the state and of its security apparatuses and a denial of democratic control over them." Moreover, revolutionary élites often seem to be even more imbued than their predecessors with nationalist and chauvinist ideologies, with dire consequences for ethnic or communal minorities which are seen as obstacles in the great task of unifying the "nation" behind the revolution-

ary project.

Halliday shows that Soviet policy makers, well before the advent of Gorhachev's "new thinking," were aware of many of these pitfalls and tried to warn Third World revolutionaries against them. All the

Well fed and educated people do not guarantee peace

dictatorial system."

The trouble is that the condi-tion of the people after the revolution seems almost always to be worse than it was before. Partly, it is true, this fact can he hlamed on the various forms of hlockade, isolation and destabilisation to which the revolutionary regime is snhjected by outside powers, usnally led or at any rate egged on hy the US. But that is not the whole story, and Halliday is honest and Incid enough to tell some other parts of it. Mucb suffering has been caused by the "mistakes" of revolutionary regimes in eco-nomic policy, and by their reckless attempts to impose social reforms which may or may not be in the interests of the masses but which the masses do not want and are prepared actively to resist. Any process of radical transformation almost inevitably encountered resistance within same, the net effect of Soviet

interventions has been to shore up such regimes, providing them with weapons and other resources which they have used mainly for repression or civil war, and so to prolong the conflict and suffering for

which they are responsible. On the American side, it is easy to share Halliday's impatience with the gung-ho rheto-ric of the Reagan doctrine. One notes, however, that even he is constrained to admit that the invasion of Grenada was welcomed by "almost the entire Grenadan population"; and I cannot belp feeling he is a lit-tle too dismissive of "the paral-lel political strategy of confiscating and deflecting revolts before they succeeded," by which is meant intervention to pre-empt revolutious through non-violent political change. The present regimes in South Korea and the Philippines may not be perfect, but are surely preferable both to what went before and to what might have

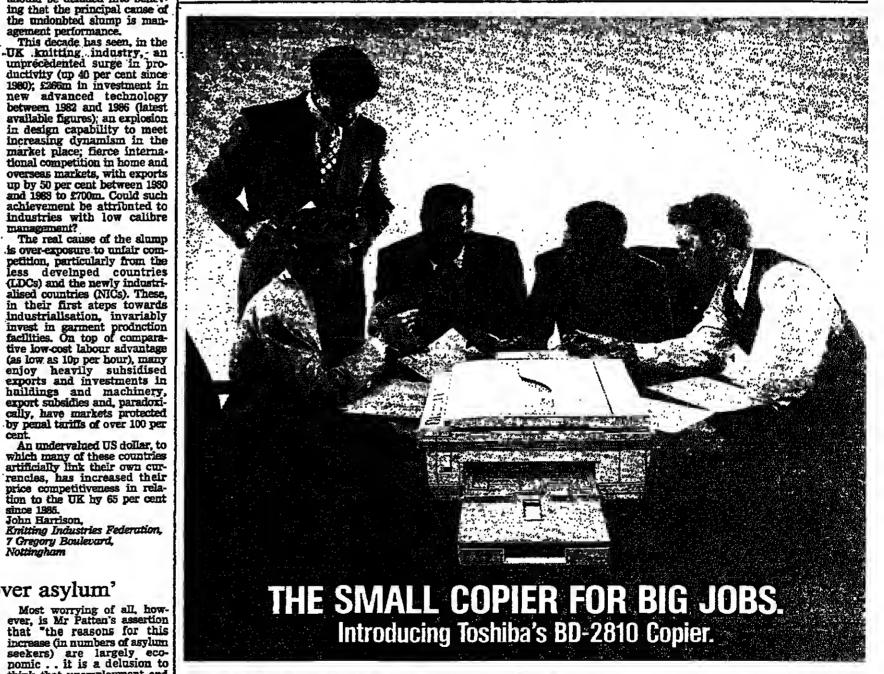
been if the outgoing dictators had been left in place until swept away by revolution like the Shah in Iran.

For my money less interven-tion by both superpowers would be a net plus, and the present form of Soviet disengagement, accompanied by pressure on client regimes and movements to accept negotiated compromises is a definite plus, although I agree with Halliday that civil conflicts are inherently less amenable to compromise than international ones. But his strongest point is the economic one: the supposed triumph of open-minded liberal capitalism has so far been accompanied by a driving-down of living standards in mucb of the Tbird World, caused partly hy deterioration in the terms of trade and partly by the need to compete for capital with the world's largest economy, which has financed the "recovery" of the industrial economies through huge horrowing. Northern markets have not opened significantly to sonthern manufactured products, and northern labour markets are more firmly closed than ever to would-be southern migrants.

Even here, though, one can detect some hright spots. "By the 1980s," Halliday writes, "it was evident that capitalist states [in the Third World] could achieve substantial rates feeding cooperate development. of socio-economic develop-ment" and that "not all were sanguinary dictatorships." the same be said of revolution-

ary states? It may not be pure coincidence that since 1945 the most destructive conflicts have occurred in the poorer parts of the world. A well fed and edu-cated population does not guarantee peace, but it probably improves the chances. Liberal capitalism so far has a better track record in producing well fed and educated populations than other socio-economic systems. The snag is that it requires a minimum of order and tranquillity to get going. Much of the Third World today is caught in a vicious circle: bitter ethnic and communal hatreds sustain a climate of violence, in which the economic development that might allow such batreds to be overcome is not possible. Until that vicious cycle is broken, the peace and prosperity of the industrial North will remain morally uncomfortable and physically precarious.

World Conflicts: why and where they are happening. Bloomsbury £19.95. **Cold War, Third World; an essay on Soviet-American relations. Hutchinson Radius,



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Nunn proposes two-tier plan for arms talks

By Robert Mauthner, Diplomatic Corraspondant, in London

A NEW approach to arms control which would allow the exploration of the controver-sial issue of the reduction of short-range nuclear weapons in Europe was proposed yester-day by Senator Sam Nunn, the chairman of the US Senate Armed Forces Committee.

Senator Nunn, who was delivering the annual Alastair Bucban Memorial Lecture to tbe international Institute for Strategic Studies in London, put forward a two-tier plan which would provide for the preparation of future arms control agreements while present negotietioos were being com-pleted.

The first tier would concentrate on "the art of the possible" and seek to finalise negotiations which were already well advanced, such as the Viennabased cooventional forces talks, the strategic arms talks and the chemical weapons

At the same time, a US/So-



Nunn: nnclear deterrence indispensable to Nato security

up to explore future options without attempting to negoti-

ate specific agreements.
Only if the experts reached agreement on a basic concep-tual approach and decided that there was a genuine opportunity for achieving accords on specific issues would their talks be transferred to a formal

Senator Nunn suggested that the agenda of the second tier should include exploratory dis-cussions of a ban on all land-based multiple warhead missiles, a ban or limitations on nuclear sea-launched cruise missiles, limitations on antisatellite systems and nuclear tests and even deeper cuts in conventional forces than those being discussed at present. But his most original pro-

posal was that the current arguments within Nato about the Soviet Union's offer to negotiate cuts in short-range nuclear weapons in Europe should be defused by holding exploratory discussions with Moscow on the subject.

Senator Nunn, who stressed that he remained firmly

opposed to the denuclearisa-tion of Enrope and that nuclear deterrence would remain indispensable to Nato's security, said such exploratory talks would establish whether fears that the Soviet Union was intent on abolishing all short-range nuclear weapons were well-founded.

Emphasising that recent developments in the Soviet Union presented the West with an unprecedented opportunity for "revolutionary advances" on arms control, Senator Num called on the Western allies to show resolve and vision to prevent Nato from becoming an anachronism.
The Alliance's priority must

be to develop an appropriate etrategy for responding to change in the Soviet Union and Eastern Europe.
"Nato must think beyond

conventional forces negotiations and begin serious consideration of the kind of European political and security system it wants to achieve in the next decade," he said.

The Western allies should not, however, rely on "calm While a return to a more hostile Soviet foreign policy seemed unlikely in the short

term, it could not be ruled ont entirely. Present trends in Poland and Hungary, as well as the Soviet Union were still reversible. Nato's strategy must there-fore distinguish between those areas where it could move

ahead in its relations with the Soviet Union and those where it had to say "no".

A green light should be given to those measures which might help the establishment of democratic parliamentary practices and to provide the Societ Hains with modern

Soviet Union with modern management know-But the transfer of technologies which could enhance Soviet military capabilities or the offer of money which would serve merely to defer the hard choices between guns and butter, should be avoided.

laws. At the height of the pro-

test, some 2.5m workers were staying away from work.

difficult, however, under South

Africa's emergency regulations which forbid political strikes

or economic boycotts.

Organising such action is

Some observers believe that

the defiance campaign may have significantly weakened

the electoral chances of the lib-

THE LEX COLUMN Bowater takes on a printer's devil

Norton Opax

Whichever companies emerge victorious from the battle under way in the printing sec-tor, it may be some time before we know who has really won the war. Yesterday's 30p rise in Norton Opax's share price to just below the value of Bowater's suggests that Norton's days of autonomy are done. But nine months of manoeuvres involving those two com-panies, and Norton's bid target De La Rue, leave an une be La Rue, leave an uneasy feeling of takeover activity running ahead of industrial logic. The catalyst for all this lay not in any fundamental trends in the printing industry, but in Mr Robert Maxwell'e punting first in McCorquodale's shares, and then in De La Rue's.

La Rue's. At 17 times Norton's current earnings, assuming Norton makes 532m pre-tax this year, Bowater's bid is perhaps 10 per cent higher than the City expected. Some of the unusually forthright criticisms Bowater levelled at Norton Opax ring true, in view of the doubtful evidence that Norton's £150m purchase of McCorquodale in 1986 was worthwhile. Norton's loss of a cheque-print-ing account for Barclays Bank, was a disturbing sign of man-agement which had hitten off more than it could chew, even before Bowater's intervention, Norton's shareholders had

grounds to oppose its bid for De La Rue at next week's egm. But Bowater needs to be more convincing about the benefits it will reap from buy-ing Norton. Bowater's post-1987 BTR-inspired attention to return on sales has been wel-come, but there is not, at first sight, much room for rapid improvements at Norton. The idea of upgrading Bowater's packaging business by adding Norton Opax printing sounds reasonable, but insufficient to justify spending more than £300m all-told.

Argyll

Argyll appears to have changed its mind about that suspect continental practice of cross shareholdings; but far from being punished for its indecision and for allowing a bit of earnings dilution, the company was rewarded by ap on its shares. Never mind that Argyll probably does worse out of the share swap than its new European friends, Casino and Abhold, the numbers are minimal By contrast, the eventual benefits for all three could one day be large indeed, and it can only be pleasing to Argyll's shareholders to see it doing something about Europe now. While food manufacturers are Share price relative to the FT-A All-Share Index

1984 . 86 - 86 89

preparing for the single market it must make sense for the retailers to pool their buying power. And if the price for Argyll is a tiny cross share-holding designed to strengthen the defences of its friends, it is well worth paying. Nobody knows yet how strong the new Euopean partnership will be, but at least it is low risk, which is more than can be said for the strategies of some other UK food retailers, who have taken their purses across the channel in search of something to buy.

Markets

The FT-30 share index has broken above the 2000 level for the first time and the FTSE 100 index is behaving as though it intends to challenge its July 1987 peak of 2443.4 very soon. However, the current resilience of the global equity markets could be tested by fresh upheavals on the foreign exchanges. Now that the US Labour Day holiday is over, traders will be better able to gauge the true scale of the dollar's recent strength. It would lar's recent strength. It would be no surprise if it re-tested the DM 2 and 150 yen levels. The policy response of the major industrialised countries may be less predictable.

Saab-Scania

If Jaguar wants to prove it has not done too badly, it should compare itself to Saab. Both companies geared up for a big US market that never materialised, but Saab now finds itself without the right models, with unions unco-operative even by British stan-dards, and with am embarrassment of spare capacity. Jaguar may not be making much money, at least it is not loosing £160m a year. Mercifully, Saab's merger with Scania has provided it with a source of ready money, and until the truck market starts to turn

down the good business can continue to subsidise the had. However a much better alternative must lie with Ford, which could provide Saab with some models to sell to help it over what otherwise will be a few years of potentially ruin-ous losses. There is a danger that the Government will remember how successfully Volvo saved itself from a simi-lar mess without selling its jewels to the Norwegians. If the Government blocks it, then Sab shares are a good 30 per cent too high; but even if a deal is struck shareholders may not get all the glory. After all, a middling brand name, a heap of troubles, and an uncertain entree into the European market are not the sort of thing a bidder will pay over the odds for.

GrandMet

Although there is a world of difference in size, Grand Metro-politan and Brent Walker must be two of the stock markets biggest asset sbufflers, yet their strategy has not served shareholders particularly well Over the last year, Brent Walker shares have underper-formed by 19 per cent, whereas Ladbroke's have outperformed by a similar amount; and while GrandMet's shares have just about kept up with the market they have substantially lagged behind those of Guinness and Bass. However, both companies still seem as busy as ever buying companies and spitting ont bits and pieces with

extraordinary rapidity.

GrandMet's decision to sell its betting businesses — probably to Brent Walker — is typical of the new management's mentality. It has owned Wil-liam Hill for less than a year but has apparently created a strong new grouping with Mecca which it hopes to be able sell on for over 20 times earnings. If only GrandMet's Burger King operation can be revived as quickly, then GrandMet shareholders should have little to fear. Admittedly, GrandMet's financial wizardry. GrandMet's financial wizardry is reducing its gearing pretty rapidly, but sooner or later the company has to settle down and prove that can run its new businesses, rather than buy

and sell them. As for Brent Walker, the near 5 per cent drop in its share price yesterday reflected the market's unease at the sug-gestion that a company with an unclear strategy, and a mar-ket capitalisation of little more than £200m, was going to take another quantum leap into an industry where it has no real record.

South African black unions plan election protest strike

By Patti Waldmeir in Johannesburg

BLACK trade unions in South Africa are due to begin a two-day general strike today to protest against the exclusion of blacks from general elections scheduled for tomorrow.

The stoppage, being organ-ised by unions representing more than 1m workers, could bave a significant impact on the voting by whites, "coloureds" and Indians for three segregated houses of parlia-

Last night union leaders led a protest march which disrupted the last National Party election meeting of the campaign, at Jobannesburg City Hall. The meeting was

by the republic'e Supreme Soviet

By Christopher Bobinski in Warsaw

Poland who are trying to win a significant share of cabinet

posts in the new Government

were attacked yesterday by Mr Lech Walesa, the Solidarity

Speaking to reporters in Gdansk Mr Walesa insisted

that the government should be made up of "reformers" and that appointments should be

made on merit rather than

party allegiance.
Mr Slawomir Wiatr, a Communist party secretary, revealed at a Bonn news con-

ference yesterday that the Communists wanted to clinch

the Foreign Ministry, Defence and Internal Affairs, Communi-

cations, Culture and one of the

deputy premierships.

Mr Walesa was reacting to

remarks at the weekend from Mr Mieczyslaw Rakowski, the

former Prime Minister, after a meeting with Mr Tadeuez Mazowiecki, the new Solidarity

premier, in which he implied that the Communists were sat-

addressed by Mr F. W. de Klerk, the acting President, and Mr Pik Botha, the Foreign

Today's strike is intended as the climax of a month-long anti-apartheid campalgn, which has led to 1,500 arrests and numerous violent confrontations between police and demonstrators defying apartbeid laws. South Africa's Human Rights Commission said yesterday that 240 activists had been detained without trial since the campaign hegan. Yesterday police fired bullets

and teargas to break up an anti-election rally at the University of Natal, and 10 people

A crowd of demonstrators estimated at tens of thousands in Tiraspol, in the Soviet Republic of

Moldavia, voted on Sunday to continue strike action in protest against new language laws passed

Walesa criticises Communist

ment that had been sketched out for them.

Mr Walesa is worried that

too many posts for the Commu-nists would be seen by the pop-ulation as a return to tradi-

tional government practices.

Mr Mazowiecki's concern is

to bring the Communists in and so attempt to neutralise

potential opposition from the

pressure for cabinet posts

COMMUNIST Party leaders in isfied with the role in govern-

were injured in the ensuing panic. However, in the rest of the country, few incidents

The National Union of Mineworkers, South Africa's most powerful black union, said yesterday that one of its members had been killed while protest-ing against segregated facili-ties at JCTe Rustenberg Refi-neries. It said a white supervisor had shot and killed a black shaft steward on Saturday night, and had then committed suicide. The union said the employee had earlier been disciplined for having used a chair reserved for whites.

JCI said it was investigating

the death but denied that a dispute over segregated facilities was the cause.

Mine employees are expected to participate in today'e strike which has been organised by the country's two largest black trade union federations, the Congress of South African Trade Unions (Cosatu) and the National Council of Trade Unions (Nactu). They said hundreds of thousands of workers, mainly in the industrialised area around Johannesburg, were expected to support the stoppage. Last year, the unions organ-

ised a three-day work stoppage to protest at harsh new labour

eral Democratic Party over the past two weeks, playing on white fears of black unrest. The main beneficiary would be the ruling National Party, they said, though the ultra-right Conservative Party might also gain votes as a result.

US on the attack at Japan trade talks

By Robert Thomson in Tokyo

US TRADE representatives Structural Impediments Initiative talks in Tokyo yesterday. They also argued that the aim of the talks is as much to improve the quality of life for ordinary Japanese as to redress the trade imbalance

between the two countries.

The first day of the talks was devoted to presentations by US officials, who condemned the Japanese distribution system, land pricing, budget policies, and the network of corporate groupings. Today, on the second and final day of the first round, the Japanese will prodoce their own list of struc-

tural complaints.

A senior US participant said they had "discussed a variety of ways for Japanese consum-ers to benefit more fully" from the country's economic success; for example, by being able to buy more products at lower prices. But a Japanese representative said that little was new in the US presentation, though detailed case

studies were produced to sup-port the US arguments.

The US participant empha-sised that US companies which bave achieved success else-where in the world have failed

to secure a reasonable share of the Japanese market. He condemned husinese practices that "exclude new-

comers, both foreign and Japapresented a list of complaints to Japanese officials on the opening day of the crucial boycotts remain significant problems.

The two sides have agreed to produce an interim statement on structural impediments next spring, and plan to release a final report a few months

US participants said Japa-nese officials were receptive to their presentations, and aware of the need for results from the talks, which were proposed by the US as a means of avoiding punitive sanctions under the Super 301 clause of last year's Trade Act. A Japanese official said the

arguments presented by the US yesterday were "not bad", but that the list of concerns was long and negotiators had run out of time. US representatives had presented evidence that opened the way for useful discussions, but fundamental mis-understandings remained. "In some cases we do feel

that a prejudice exists based on a wrong interpretation, but we have no complaint, because this prejudice always exists," he added.

The Japanese representatives plan to present seven "points of interest" at today's meeting. The claims will be backed by case studies designed to show the US needs to make basic changes to its economic structure

1992 'unlikely to relieve' EC banking constraints

By David Buchan in Brussels

vices across frontiers in the European Community will, even after 1992, remain inher-ently more difficult than trade in goods. Sir Jeremy Morse, chairman of the European Banking Federation, warned

yesterday. This is because such services

reached basic agreement on liberalising banking. Sir Jeremy, who is also chairman of Lloyds Bank, said in international co-operation.
In the EC'e banking and investment services proposals, Sir Jeremy said it had been

THE PROVISION of banking, agreed to leave the prudential investment and insurance serhome country but to allow the conduct of business rules to be

over the long term, this was unsatisfactory. The sconer we move to a position where the bome country also controls the conduct of business, the sooner we will move to a single level playing field, not 12 different ones," he said.

Post-1992, Sir Jeremy pre-dicted an increased European integration and cross-frontier integration and cross-frontier competition in wholesale banking, partly from the advent of Japanese and US banks.

But retail banking would remain largely regional, because local cultural loyalties and "competent operators" are already established in member states.

announced as its strategy, Sir Jeremy noted. Free market insurance propos-

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WORLD WEATHER

The Solidarity leader leaves tion between the various coalitoday for a three-day visit to West Germany when he will meet Chancellor Helmut Kohl. tions stll had to be conducted, Mr Mazowiecki is unlikely to have a cabinet ready to present to today's meeting of the Solidarity parliamentary group.

However, he is under pressure from his own camp and from the Democratic Party, a impley coalities partners to you Mr Walesa said he did not want to "trespass on Mr Mazowiecki's competence" in forming the Government, but he

wanted to "try to help" him. junior coalition partner, to produce one by tha end of this week or by September 12 at the latest, a date mentioned yester-The implication was that he would be urging haste in forming a Government and warning that the Communists should not play too visible a role.
"They think they deserve something and they must know that they deserve nothday by Mr Mikolaj Kozakiewicz, the Speaker of Parliament, as the date the Sejm (parlia-ment) could approve the new ing," be said.

government. Mr Mazowiecki has until September 18th to form his government, that is threee months after the elections took

bureaucracy which is largely

linked with the old regime. Given that further negotia-

monins after the elections took place. Should he fail to form a government, new elections will have to be called.

•AP adds from Warsaw: Solidarity activists writing in the pro-Solidarity Gazeta Wyborcza newspaper yeeterday stressed the need for the next government to take drastic actions quickly to stem the actions quickly to stem the decline of the Polish economy.

"The economy is slipping out of control. We are on the verge of byperinflation," said a front-page commentary. "This means that the activities of Premier Mazowiecki's government must be firm, deep and quick."

It urged a tight monetary policy, lifting restrictions on private enterprise, an end to monopolies and the privatisation of state enterprises in addition to immediate new talks about reecheduling Poland'e \$39bn debt to the west

This is because such services
"carry a lot of language and
culture" with them, while simple goods do not, the British
banker said in a speech to the
Centre for European Policy
Studies (CEPS) in Brussels.
Nevertheless, he expressed
satisfaction that the European
Community had this year
reached hasic agreement on

he hoped this would be fol-lowed by early progress in the more complex areas of invest-ment services and insurance, sectors with less of a tradition

states.

Therefore, the only way to build up a Europe-wide retail network was by acquisition, as Deutsche Bank had already

10



Oll companies are pushing ahead with new explorations at a cost factor that would have been dismissed

as absurd several years ago. Encouraged by big technological advances, the industry is enjoying a sense of renewed self-confidence and optimism, writes Steven Butler

A robust turnaround

observers of the international offshore oil industry would have predicted it could have made such a robust response to an era of low oil prices. The boom time of the early

1980s has not returned and probably never will. And many of the technical and managerial changes seen in the past few years had begun well before Saudi Arabia decided to flood the world with oil in 1986. Yet from the Gulf of Mexico to the North Sea oil companies are pushing ahead with a new round of exploration at a cost factor that would have been dismissed as absurd a few years ago. This has made it possible to justify vigorous exploration programmes even on oil price assumptions that offer little scope for improvement beyond \$15 a barrel in real terms for the next decade.

Of course most in the industry are more optimistic that oil prices will rise gradually (if erratically) in the 1990s, yet the experience of two steep falls in the price of oil, in 1986 and 1988, and subsequent recoveries, has boosted confidence that there is a real floor on prices, which many put at \$15, below which the Organisation of Petroleum Exporting Coun-aided in the recent awards of tries is spurred to take action... exploration licences by what

At these prices, which would lieve been unthinkably low a few years ago, oil companies can see their way through to a return at least hig enough to justify moving full ahead. This sense of renewed optimism and self-confidence has been reflected in the vigorous mar-ket for oil assets in the mature

offshore areas — North Sea and in the Gulf of Mexico. One by one big oil companies are concluding that these oil basins are important strategi-cally to their companies. British Petroleum has perhaps been most aggressive, first with its takeover of Britoil and more recently with its bids for offshore leases in the Gulf of Mexico. But the list of companies attempting to follow suit in one way or another grows longer practically by the month, ranging from big, established international companies such as Elf Aquitaine or Atlantic Richfield, to even the national oil companies with little international presence, such as Repsol of Spain, and Petrobras of Brazil

And the independents have not been left out. They have been active bidders for almost everything on offer in both areas. In the UK they were aided in the recent awards of



Offshore O

appears an obvious Government attempt to give them a small measure of preferential treatment. In the US more and more independents are learning that they can make money in the shallow-water, mature areas of the Gulf, focusing on low-yield producing properties or small plays where they can take advantage of their lower cost structure to best the big companies at their own game.

One reason for the enthusiasm is the steady progress of exploration technology that now enables oil to be located in smaller quantities with far greater precision, thus reduc-ing the risk and cost of explo-"What we can do today is see

very, very clearly onto the ground," says Mr John Jennings, group managing director for the Royal Dutch/Shell

group.

The improvement of seismic

capability has gone hand in hand with the development of super high speed computers to process data. These allow not only composition of an increasingly detailed picture of struc-tures deep under the earth, but the manipulation of data to test hypotheses about possible formations between the gaps of the data to see how it fits with geological understanding of an

With a structure located. recently-developed steerable drilling systems can point a drill-but to within yards of a target at a distance of several miles. This technology has revolutionised the exploration end of the business, where finding oil used to be more akin to groping in a dense fog for a dark object. Now the sun has burnt through the fog.
The advances are no less

impressive in the production end of the business, although here it is impossible to pinpoint just a few technologies that have made a difference. It has rather been a story of steady progress through a range of interlocking design and engineering processes.

The trend has been towards lighter, smaller structures capable of big processing volumes, yet with many fewer men than were needed for older designs. The key often has been to work towards weight thresholds that allow for offsbore installation of large single loads by heavy-lift cranes, itself a recent develop-

When this can be achieved for production decks, installation and commissioning of equipment can be performed onshore, where labour costs are just a fraction of offshore labour costs. The construction of production decks as single units leads to further weight

reduction by cutting out struc tural steel that would be needed to insure the integrity of individual modules that would later be hooked together offshore.

This sort of broad simplification also makes a big differ-ence in cutting engineering requirements, and makes it possible for more oil companies to use turnkey contracts for offshore developments. Under a turnkey contract one contractor assumes full responsibility for a project, from con-ceptual design stage to final tallation and commissioning offsbore.

The turnkey contracts give the main contractor a big incentive to ensure maximum co-ordination among all phases of a project, to reduce costs and speed delivery schedules. In the Gulf of Mexico platforms now come in what amount to off-the-shelf designs.

Such streamlining and greater efficiency was possible in an era of high oil prices, but the incentives were not there.
"The ethic of these organisa-

tions is dominantly technical," says Mr Jennings. "And if you live in a world where profitability of your project is very comfortable, the technical ethic dominates so strongly that it perhaps pushes com-mercial considerations into a corner. As a result of the combination of low oil prices on the one hand and the technical challenges of developing what are usually the smaller off-shore fields on the other, the industry has really had to pull up its socks both technically

and commercially. "During the period of very high oil prices and high nestream margins we got ourselves into a rather unhealthy state of feeling extremely confi-dent about future prospects. I

CONTENTS

Activity and prospects: The leading players

The leading players

think the process of adjustment that has gone on has been a good one for the indus-try, and the industry is in much better shape today than

it was in the heyday of the

high prices of the early 1980s." Mr Jennings' point of view, of course, is unlikely to be shared in full by many companies who suffered more casualties from the downturn than Shell. Drilling contractors, div-ing companies, and supply boat industries are in e depres sion, very lucky to cover costs on a contract.

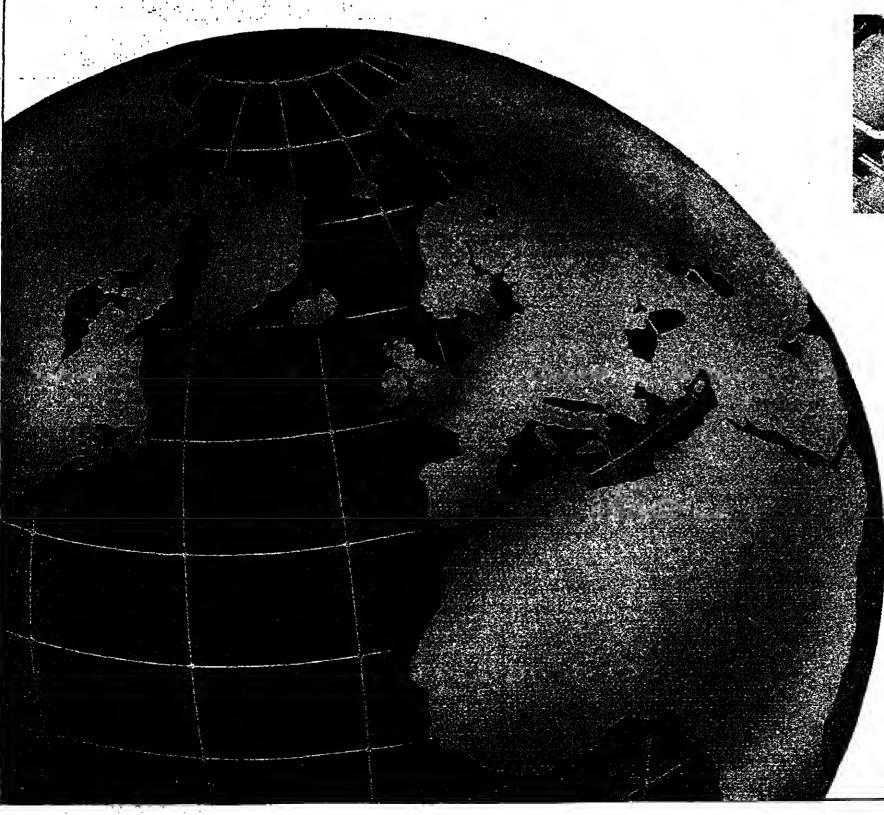
Yet for much of the international service industry, poor conditions of business have prompted a much needed process of consolidation, an increase in operating efficiency, and a successful search for the sort of technology that has cut costs, improved capabilities and ensured themselves a future. All of this has made it possible for the oil companie to focus more clearly on their own strategy for the 1990s.

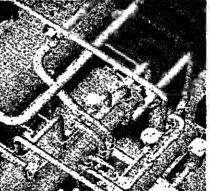
Mr John Browne, recently appointed managing director and chief executive of BP Exploration, says that for BP this consists of continuing on a steady, consistent programme of wildcat exploration, of the sort that led BP to make huge discoveries in the past in Alaska and the North Sea. This now consists of pushing into deeper water in the Gulf of Mexico and moving quickly to exploit new basins as they open up, such as in Vietnam, where BP recently took on new acreage offshore.

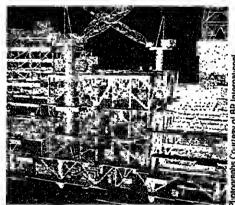
It is perhaps no accident that Shell too will be exploring in Vietnamese waters. Shell has been one of the more successful oil companies in replacing its reserves annually, and recently this has come mainly from frontier areas such as West Africa, Colombia, and Syria, Shell has recently spent millions of dollars to stake out a dominating position in fron-tier areas off the coast of Alaska, and has begun drilling in the Beaufort Sea.

There was always a suspi-cion that Opec intended to knock out international oil exploration by cutting the price of oil sharply. If that was the intent, Opec has failed.

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Steven Butler on the pick-up in drilling and appraisal in the North Sea

A revival in exploration activity

ONE hy one, over the past year, Britain's fahrication yards have begun filling their order books and bringing back to work more of the welders and riggers laid off in the slump that followed the 1986 collapse in oil prices.

A new generation of offshore oil developments, made possi-hie by leaps forward in design and technology, is moving swiftly through the stages of planning, engineering, and construction.

This is hut one sign of a broad revival of optimism that s huoyed Britain's offshore oil industry, where low oil prices were once thought to have doomed it to a swift decline because of the hostile environment which makes the North Sea a high cost oil prov-

Instead, amid growing confidence that oil prices below \$15 a barrel are as unsustainable as \$30 a barrel used to be, North Sea exploration has picked up hriskly. Drilling for exploration and appraisal in the North Sea last year approached the record set in 1984, when oil prices were soar-ing and expected to rise fur-

The first half of this year saw a small improvement over the first six months of 1988, with 83 well starts, according to Girozentrale Gilbert Eliott,

the London broker.
The rate of successful oil and gas finds, which Gilbert Eliott estimates at 51 per cent, is as high as ever achieved in the North Sea. Although the North Sea is a mature basin, in the sense that it has been widely drilled with the huge billion-harrel fields heing rapidly depleted, the recent record shows that it likely to bold many smaller reservoirs that will prove highly profitable to produce. Because of the exist-ing infrastructure of pipelines and production facilities, future fields will be far cheaper

to hring on stream. There has been a series of notable gas discoveries this year in the southern basin of the North Sea. Sun Oil, the US company, made what promises to he a substantial find in a previously undrilled block, and Occidental Patroleum has found new oil reserves in the East Piper field, which are likely to be developed along with the redevelopment of the main Piper field, where exist-ing production facilities were destroyed last year in a disas-ter that claimed 167 lives.

However, much exploration work this year has involved extending large discoveries made last year or earlier, including Enterprise Oil's Nelson field (more than 300m barreis), the Waverley discovery of Amerada Hess (more than 400m barrels), and the big off-shore extension of Wytcb Farm, operated by BP, where reserves are likely to

exceed 4m barrels. One of the best barometers of international confidence in prospects for the UK North Sea came earlier this year with the enthusiastic industry response to the Government's 11th round of offsbore licence awards. The award of 109 hlocks among 69 companies was roughly double the awards of the previous round and applications were among the

ghest ever. Some oil industry executives believe certain companies may have over-extended their exploration commitment in view of what is likely to be discovered, but the commitment means a substantial boost to the drilling industry.

The licence round also saw

many awards going to indepen-dent oil companies, which received about 20 operatorships. The independents, which have dwindled in number while the survivors have gained in strength, had earlier complained about lack of access to North Sea acreage. Tha Government avidently heard the complaints, although the hig oil companies generally came away from the licence round with what they wanted and most will say that the system of discretionary awards has been handled fairly.

Mobile, the US oil company. walked away with the higgest acreage award, including some

highly sought-after blocks.
The confidence that oil will continue to be found reflects not only advances in seismic and drilling technology, hut the increasingly sophisticated understanding of North Sea geology that the industry has acquired over the years.

The improved economics for future development projects are well illustrated by some of the recent projects announced by Shell UK Exploration and Production (in a 50/50 joint

Production (in a 50/50 joint venture with Esso), which is the biggest operator in the North Sea.

Shell announced development of the Kittiwake field last year, and the Gannet field in July. Development of the two fields, which will he linked together, was on the drawing boards when oil prices plunged in 1986 and was shelved as uneconomic. At that tima the uneconomic. At that time the project involved four fixed platforms and one subsea satellite field which was to have four

Now, making use of the latest advances in subsea develop-ments and platform construction, the two fields are being developed at roughly half the cost, with two fixed platforms, and three subsea satellites. The key, in the case of Gan-

net, was to trim enough weight off the platform topsides so

that it could be installed as an integrated deck hy a heavy-lift barge, and so that the supporting jacket would he light enough to be lifted into place, rather than floated out on

rather than floated out on barges and sunk.

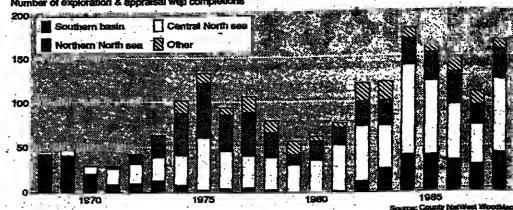
By lifting the jacket into place, which is a less stressful procedure, ronghly 4,000 tonnes of structural steel can be saved, cutting £50m from the costs. As it turns out, the jacket is to weigh 8,500 tonnes, while the integrated deck is to weigh more than 9,000 tonnes.

Aside from the use of lighter materials on the topsides, the load was substantially lightened by plans that call for ened by plans that call for development drilling to be car-

ried out over a two year period by a semi-submersible rig, which will carry the heavy mud and cement pumps, all the drilling paraphernalia, as well as accommodation for the drilling crews. As a result even though Gan-net will have processing capac-ity of 50,000 a day, it will have

accommodation for only 40

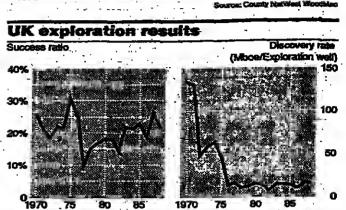
There is, obviously, no single technological or design breakUK well completions by area Number of exploration & appraisal well completions



through which is allowing projects like Gannet to proceed at a much lower cost, but rather a Gannet is merely one reflection of the North Sea oil industry's vigorous response to rapidly changing economic conditions which have assured its sur-

vival.

The result is a future for the UK North Sea oil industry that is extremely hright, even though production has irrevocably peaked. What now seems assured is a profitable middle and old age for the oil companies and the industries that serve them.



Asset trading among the UK oil majors has reached unprecedented levels

Corporate raiders of the North Sea

1988 was a humper year of unprecedented proportions for asset deals, share swaps and purchases, and corporate takeovers involving North Sea oil acreage in British waters. Roughly 15 per cent of Britain's commercial oil reserves, amounting to 2.3bn harrels, changed hands. This was 10 times greater than the previous record set in 1986, according to hrokers County Natwest WoodMac.

Natwest WoodMac.
While 1989 will almost cer-tainly not match the frenetic level of activity established last year, corporate activity has continued at a brisk pace as some oil companies engage in what sometimes appears a mad scramble to huild up their North Saa asset portfolios, while others take advantage of the demand for oil acreage to rationalise their spread of

The result has been a significant reshaping of the big players in the North Sea and, according to many in the industry, a sector that is finan-cially and technically better prepared to exploit the opportunities there.

activity was touched off hy British Petroleum's move on Britoil, then the UK's largest independent oil company, in November 1997. BP won the hid early in 1988, paying £2.57bn for 1.2bn harrels of proven reserves and a hig spread of exploration agreeage.

exploration acreage.

BP was joined quickly by Elf
Aquitaine of France which
launched a hostile bid for Tricentrol, although Elf was even-tually outhid by Atlantic Richfield (Arco) which won the contest, paying £304m. Not to be deterred, Elf later

purchased the oil and gas assets of RTZ for £308m, and bought from the London and Scottish Marine Oil Company (Lasmo) a 25 per cent stake in Enterprise Oil for £368m. In another of the bigger deals, British Gas paid £440m for

And it is not only the established international oil compa-nies that have got into the act. nies that have got into the act.
Enterprise agreed in March to
buy the oll and gas assets of
Texas Eastern, the US gas
transmission company, for
\$1.4hn, although the UK part of
the deal, worth \$561m, became
embrolled in a dispute with

commitment required of many
companies as development projects move forward in the
years ahead.

There is also a growing realisation that huilding a certain
critical mass is necessary to be
an effective player, requiring a

British Gas and Amerada Hess. Lasmo, Ultramar, Clyde, Goal, Monument, Soversign, and Kelt Energy – almost the entire who's who list of estab-lished UK independent oil companies - have made purchases that are quite significant to them in corporate terms. (Only Premier Consolidated Oilfields seems to have stayed out of the fray recently, although it has been finding oil with a drill-bit

In many ways, BP has played a key role in making the North Sea into a asset trader's market, with its sale several years ago of small interests in the giant Forties Field. Many companies were interested in obtaining North Sea production income against which they could offset exploration expenses, making the small bits of production more

valuable to them than to BP. BP again tonched off the recent round of corporate takeovers, bidding for Britoil at a time when share prices for independent oil companies were depressed. BP ended up teaching a lesson to the stock market, where investors now value independent oil companies at a level that makes them too expensive for most preda-tors to contemplate a bid.

In spite of this, deals keep coming to market. BP has again been the source of some. Last year it sold stakes in its Ninian and Magnus fields, in part to reduce corporate debt, and it is expected to hring another parcel of North Sea assets to market shortly. Arco, Elf Aquitaine, and possibly Enterprise are also thought to he preparing to rationalise their portfolios through asset sales. Even Shell, the most conservative of asset managers, is understood to be preparing a

A hig source for deals has been decisions by non-oil com-panies to get out of oil and return to their core husinesses. The decision to exit the North Sea has been made easier by the high prices for assets as well as the growing capital commitment required of many companies as development pro-

hig commitment of both management time and investment funds.

Companies leaving the busi ness have included Associated Newspapers, Pearson (which owns the Financial Times), RTZ, International Thomson, and Trafalgar House although in the case of Trafalgar House, inability to sell its oil and gas company at what it considered an acceptable price led it to spin off a new indepen-dent, Hardy Oil and Gas.

The inability of Trafalgar House to find a buyer shows that oil companies are not simply bnying anything that comes to market, but are looking for quality assets that fit strategically with their own portfolio.

Many of the big established North Sea players, such as Shell, Texaco, Mohil, Exxon, Amoco, Chevron, Phillips and Conoco have pursued the traditional route of adding to their substantial positions by means of Government licence rounds. Others, including BP, Elf, Arco, British Gas, and Amerada Hess have identified the North Sea as a strategic exploration area and have spent

beavily to enlarge positions. Other players, such as Rep-sol, the Spanish oil company, Petrobras of Brazil and Sun Oil have been making smaller, but none the less significant pur-

chases.

The independents have been both the victim and the beneficiary of corporate acquisitiveness. Both Lasmo and Enterprise have expanded into very substantial companies on the backs of asset purchases.

The dwindling of the ranks of independent companies pro-duced enough alarm to prompt an investigation by a select committee in the House of Commons, but it produces few regrets among the independents themselves who are as opportunistic as others in the industry, if not more so.

moustry, if not more so.

Some of them will undoubtedly become fodder for the next round of corporate acquis-

Although Elf may not have plans to use its 25 per cent stake in Enterprise to launch a full hid, it could easily decide to move if the opportunity arises, if, for example, the stock market loses confidence in the Enterprise management, or if oil prices fall.

Burmah Oil, the lubricants

will emerge is unclear, but given the ready demand for North Sea oil assets, sellers are

Steven Butler

group, recently lifted its stake

in Premier from 25 to nearly 30

per cent, some analysts believe as a prelude to selling the stake on to a potential

Some industry executives also anticipate an eventual shake out involving Marathon

or Conoco, both large subsid-

iaries of non-oil companies, which could push more assets

into the market. Precisely

almost certain to emerge.

when and how the next deals

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Karen Fossii on Oslo's role in the stabilisation of crude prices

Opec's European friend

second largest crude oil producer behind the UK, in April saw production reach 1.56m harrels a day (b/d) - its high-est level ever. This follows the 1989 low sustained in February when bad weather forced pro-duction down to 1.29m b/d.

In February 1987 Norway had voluntarily cut its crude oil production by 7.5 per cant (excluding condensate) in a move designed to help the Organisation of Petroleum Exporting Countries (Opec) to stabilise world crude oil prices at reasonably high levels after a precipitous fall in 1986.

Twice a year Norway's oil producers are obliged to sub-mit their half-year production plans for approval by the authorities. These plans must reflect the 7.5 per cent produc-tion cut. Accordingly in the first six months of this year Norway's oil producers pumped an average of 1.55m b/ d. Second half-year plans call for crids production for cruda production to increase to 1.67m b/d. The self-imposed production cut has become an integral part of Norway's policy which is intended to help stabilise world

crude oil prices.
Norway believes its production restraint policy, which includes an open dialogue with other oil producing and oil consuming nations, can do much to prop up market prices for the world'a crude oil However, the policy "is unilateral in scope, flexible in form and limited in time," according to Mrs. Gro. Harlem Brundland, the Prime Minister, and can be revoked if Opec violates its

Until recently the develop-ment of Norway's oil reserves has been a considerable success story, though there has been a slow-down in the rate of new finds over the past five years. Based on current pro-duction levels and on known gas resources, Oslo has aufficient reserves to last another century. With such an abundance of gas, Oslo'a most. important priority now is to

secure new markets.
Norway possesses ahont
one-half of the natural gas reserves in western Europe, gas makes up more than 60 per cent of the country's total energy reserves, about 30 per cent of its current hydrocarbon sales and 12 per cent of western Europe's gas consumption. Last year Norway produced 28bu cubic metres of gas. It was exported exclusively to western Europe — 40 per cent of it to the UK and the balance to West Germany, the Nether-lands, Belgium and France. The potential for increasing gas exports to western Europe hinges on two main factors: nuclear power generation being replaced by gas-fired power generation and the implementation of stricter environmental regulations which would demand a shift to natural gas for power genera-tion at the expense of other fuels such as coal and oil.

Oslo believes its production restraint policy can help to prop up crude prices

Earlier this year the International Energy Agency (IEA) published a study which identified potential growth in the use of natural gas in western Europe's electricity industry from the current level of about 30bn cu m annually to 60bn cu

Norway's gas marketing strategy also includes selling LNG (liquid natural gas) to the US, securing new contracts with the UK and establishing a new market in Sweden. This year US-based Enron

signed a co-operation agree-ment with Norway's Statoil, Norsk Hydro and Saga Petroleum (the three companies form Gasforhandlingsutvalg, GFU, which sells Norwegian gas on behalf of its producers). GFU is seeking to translate the agreement into a contract to supply the US with 2.5bn cu m of gas annually, as LNG, com-mencing in 1993. To boost gas marketing efforts Statoll has also established an office in New York.

A natural gas department has been established in Statoil's London office though the London subsidiary could find itself in competition with Norwegian gas in the UK market. Statoil London has shares in UK gas fields while Statoil Nor-way is charged with marketing Norwegian gas. Norway's oil minister agrees that this could present a problem though he

could intervene should a con-flict of interest develop. About five years ago Norwe-

gian companies enjoyed an estimated 25 per cent share of the British market for natural gas. That has since slipped to less than 20 per cent and con-tinues to decline. Norway is counting on the break-up of the UK electricity industry and the new role of British Gas to increase its UK market share, though it faces stiff competition from Algeria, Nigeria and

the Soviet Union.

In Sweden, plans to dismantle the country's nuclear power industry have come under fire, diminishing Norway's bopes for a substantial contract to supply gas as a replacement for nuclear power generation. it could also undermine Norway's plans to establish a domestic gas industry which would snpply gas to energy intensive industries, mostly sit-uated in the eastern part of Norway. The two schemes, supplying gas to Sweden and the creation of a domestic gas market, rely on one another to justify the overall investment. In its report to the Storting, the parliament, earlier this year, the Labour Government

petroleum sector in the period 1995-2010 A "basic alternative" calls for annual investments of NKr 15bn. This would depend on such factors as whether ofl can be found in the Barents Sea or if oil companies increase tha magnitude of supplementary projects for associated produc-

outlined three scenarios for future investment trends in the

For the "low alternative" investments over the sams period are estimated at an annual NKr 10bn. This reduced level would be on the assumption that oil were not found in the Barents Sea and considerably fewer and smaller oil finds are made elsewhere. The "high alternative" calls

for investments to be main-tained at a level of NKr 20hn. This would occur if more oil discoveries are made and new fields developed. It also hinges on significant oil discoveries being made and more frequently than in recent years: The Government admits, however that "it is probably only possible to reach this level if a significant oil province in the Barents Sea is discovered quickly."

Howevar, the Norwegian
Petroleum Directorate (NPD), the oil sector's watchdog, last autumn called for a downward

adjustment in expectations, It warned of Declining prospects for new oil discoveries

■ Limited sales potential for tba country'a rich gas Littla chance to maintain investment activity in the sector in the second half the 1990s.

Howsver, Mr Arns Oeien, Norway's Minister of Oil and Energy, is more optimistic. He told the Financial Times that in five years the domestic oil and gas sectors would both be in a healthy state, buoyed by new contracts, firmer world prices and more domestic tax incentives.

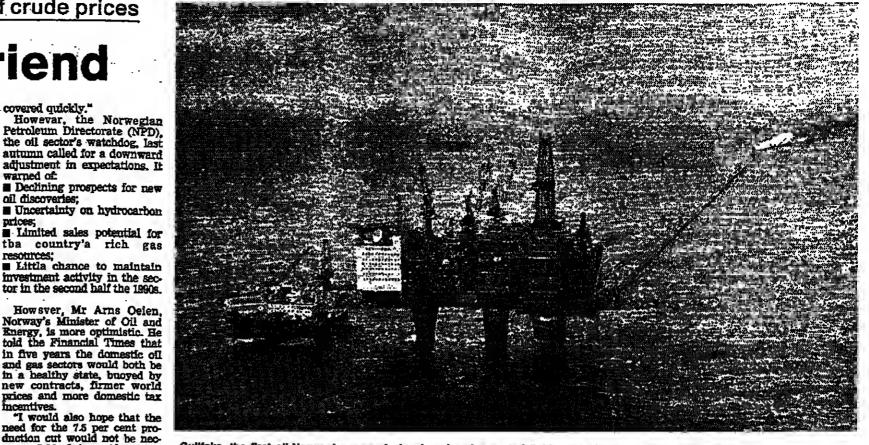
"I would also hope that the need for the 7.5 per cent pro-duction cut would not be nec-essary," Mr Oeien said.

THE THREE Norwagian oil companies, Saga Petroleum, Norsk Hydro and Statoil, though competitors, share a common interest in that they comprise the Gas Negotiating Group, which was set np ear-lier this year charged with the formidable task of selling the

country's gas.
Saga Petroleum is privatelyowned. Norsk Hydro is 51 per
cent state-owned while Statoil is the Norwegian state oil The three have been politi

cally favoured in that they have been the recipients of priority offshore acreage in Norway's licensing rounds and currently hold stakes or oper-ate some of the most prolific oil and gas fields. Recently GFU was formally organised under a system which obliges it to submit to the Ministry of Oil and Energy an annual long-term plan for the produc-tion and sale of Norwegian gas. Foreign oil companies are also invited to make a contrihntion to this strategy. Gas agreements made hetween GFU and huyers must he approved by the oil company whose gas field is to be the source of supply. In theory this is how GFU is meant to be

organised and function though



Norway's leading players

A home-grown Saga

it has yet to be put to a true Statoil, struggling to regain confidence after a big refinery and terminal expansion project went awry two years ago, was this summer awarded choice arreage in the UK's 11th licensing round. The group is currently strengthening its UK organisation to implement a five-well exploration drilling programme which will last until 1991. Earlier this year Statoil acquired a 5 per cent

stake in the southern basin Mr Harald Norvik, Statoil's president, last year introduced sweeping reorganisation of the company into three divi-sions: exploration and production, marketing and refining and petrochemicals. He also implemented a cost cutting programme which aims to reduce by 1,500 its 11,000-strong workforce. Recent plans also call for a gas division to be

Overseas, the Norwegian end

of the Statoil operation is likely to end up competing with its own London subsid-iary, Statoli UK, as efforts to sell Norwegian gas to UK buyers increase at a time when Statoil UK is involved in competing in British gas fields. Statoil UK last year traded between 78m and 80m barrels of oil. This could double for the whole of 1989, of which about one-half is expected to be sold

to the US.
Of the three companies Norsk Hydro has been the centre of least political discussion other than as a model of desired ownership. Its 2,500strong oil and gas division is one of four main activities undertaken by the buge Nor-

wegian conglomerate. However, Mr Torvild Aak-vaag, Norsk Hydro's president, when announcing the 1988 results, said that oil activities would play a diminishing role in the group's overall activi-

Last December, four months

ahesd of schedule. Hydro brought on stream its first oil field, Oseberg, which in July produced a daily average of 260,450 barrels. There are plans to develop several other minor discoveries in the vicinity of

Oseberg.
In addition, a big gas injection programme, Togi (Troll-Oseberg Gas Injection) will come onstream in 1991 in which 25bn cubic metres of gas from the Troll East gas field, some 48 km away, will be injected in the Oseberg Alpha reservoir to enhance oil recovery hy about 10 per cent, or by between 70m and 100m barreis. At a later stage, about 19bn cu m of that gas can be recovered from Oseberg.

Hydro has several other projects on the drawing board including the development of the small Brage oil field. It hopes to receive development approval from the authorities by spring next year. Hydro is also undertaking a seismic survey on its Sog-

Karen Fossii

nefjord oil discovery to deter-

mine where a new well will be

drilled next year. The discov-

ery has aroused considerable interest though Hydro will not

be drawn on details until appraisal work is finished. The third of Norway's oil

groups, Saga Petroleum, bas been surrounded by contro-versy. Norway's politicians,

which secured Saga's existance

and future by giving it an important oil field, Snorre, to develop last year seemed con-

fused about that supporting

role when a shadow was cast

over the economics of develop-

ing the field. Questions were

also raised about the necessity of having three domestic oil

Saga became embroiled in a

battle to prevent Total CFP of France from taking a majority

stake in the company. Total

was boping to boost its Saga stake to 35 per cent though it was ultimately blocked.

More recently, contracts for the development of the Snorre

field have begun to flow. The

field is to be developed with a

tension leg platform (tlp) similar to that being used by Conoco in the UK North Sea for its

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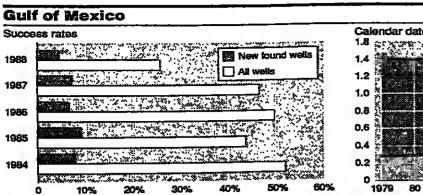
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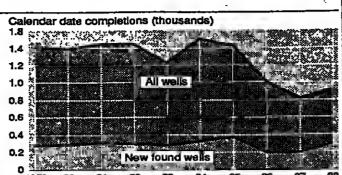
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UNITED STATES

Heading down Mexico way

THE Gulf of Mexico has emerged in recent years as a prime spot for oil and gas exploration in the US, where in 1988 drilling completions rose by 26 per cent, according to Petroleum Information.

This may be a distinction won by default as much as anything else, since chances of finding big new reserves onshore look more and more dim. Other highly prospective areas, such as offshore Calif-ornia and Alaska have also been put at least temporarily off limits by a US Congress that is increasingly worried about environmental issues.

Yet the renewed interest in the Gulf also comes from the fact that it is the most mature offsbore basin in the world. Farther offshore there remains plenty of frontier acreage that has attracted the likes of Shell, BP or Conoco. Yet closer to shore in shallower water is an infrastructure that allows established companies to capitalise on existing facilities.

And more small independents are moving in too, finding that with low overheads, they can make good money picking through the crumbs left behind by the majors, and even venturing to bid on leases themselves. If located near pipeline facilities, small, shallow-water prospects can be brought on stream in a half year, using simple off-the-shelf (sometimes used) platforms that can cost as little as \$1m. The US government intro-

doced a fundamental change to leasing procedures in the Gulf in 1983, the ramifications of which are still being felt today. At that time area-wide lease hidding was introduced, put-ting on auction annually all

tracts in areas not under lease, and setting five year lease expi-ration dates for tracts in water np to 400m deep. After oil prices collapsed and oil companies were unwilling to shell out so much money on bids, the government then dropped minimum bid level from \$150 to \$25 an acre.

The net result of these changes has been to lower entry barriers to working in the Gulf of Mexico by making cheap acreage available on a regular basis.

For many of the independeots, in fact, basic eotry has proved to be free. Many of the big oil companies scaled back staff and exploration budgets when oil prices dropped, and with many leases expiring each year on a rotating basis, they have been happy to let the independents drill on less prospective acreage in exchange for a share of any eventual production (an arrangement known as a farm-in).

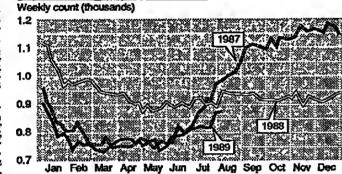
Chevron last year became the biggest operator in the Gulf

natural gas in the US when it paid \$2.5bn for the Gulf asset Tenneco. Mr Ray Galvin, Sr vice president for Exploration, Land and Production at Chevron USA, says Chevron was able to put in the highest bid because, although Tenneco was a relatively low-cost operator, Chevron was able to achieve greater operating efficiencies by integrating its own Gulf productioo facilities with many of the nearby Tenneco

Chevron has, in essence, set itself up as the bread-and-butter operator, working in shallow-water (less than 600 feet), low-risk acreage, and taking full advantage of extensive shallow-water infrastructure. It has not entirely eschewed deep water exploration. Chev-

ron has a sprinkling of leases in deeper water. In the main, however, Chevron sees deep water production as unlikely to be economic given current prices and technology for exploiting the typical Gulf of

US active rigs



Mexico field, which tends to be smaller, with lower production rates than North Sea fields. It is a view that is obviously not shared by some of its rivals. With the advent of area-wide lease sales Shell began build-ing up a stock of deep-water

now the dominant payer in this high-risk area. Shell has drilled four wildcat wells at water depths of 4,000 feet, and has bought leases at 7,520 feet. It has also staked out big positions in frontier areas of Alaska, including the Beaufort Sea, Bristol Bay and the Chukchi Sea, where last

year Shell spent \$271m to buy

acreage, where leases can run for as long as 10 years, and is

165 lease tracts. Shell last year installed the largest ever jacket for a fixed platform at its Bullwinkle field in the Gulf in 1,353 feet of water. This is, by industry consensus, about the largest jacket that will ever be built. It is also looking to other ideas for developments in deeper water, such as tension leg platform currently being installed at Conoco's Jolliet field in 1,750 feet of water, or compliant towers, which allow platforms on the surface to oscillate within

a limited range.

BP is making a good effort as Johnny-come-lately to build up a position in frontier, deep-water, areas of the Gulf. The \$54m that BP spent on 109 Gulf of Mexico leases in the March auction this year put it at the head the spending list. Its planned exploration pro-gramme will jump ahead from four wells this year to 15 next year (Development drilling will fall from 31 to 18 wells.)

PETROBRAS, the Brazilian state oil company, is caught in a pincer made by the Brazilian Government's price stability programme and the result this year is a sudden, drastic, and highly disruptive cut in offshore exploration and develop

ment programmes. ment programmes.

By August this year, Petrobras had already lost \$500m, importing oil (about 600,000 barrels a day) at roughly \$18 a barrel, and selling it on domestically at \$13, the international crude price in effect when the Government moved to prevent Brazil's high inflation (about 30 per cent a month) from careening out of control The casuality in this has

been Petrobras's capital expen-diture budget, which started the year projected at \$2.8bn, and is now targeted at \$1.7bn. "This has caused tremen-dous pain and imbalance to the

whole operation," says Mr Wagner Freire, Petrobras man-aging director. Petrobras is one of Brazil's leading companies, with \$16.5bn revenue last year, and it has earned widespread international respect by its innovative adaptation and develop-ment of offshore technology to produce oil at great water

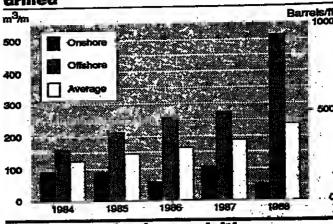
epths. Brazil's production has climbed rapidly in recent years. From a 1987 average of 570,000 b/d, production is to reach 700,000 b/d by the year end, and is act to average 740,000 b/d next year.

Although Petrobras has not given up its official goal of producing 1m b/d by 1993, this is looking increasingly doubt-ful in light of the budget constraints. Next year's produc-tion has already been scaled back by 40,000 b/d.

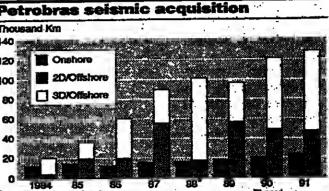
Petrobras executives are hopeful that presidential elec-tions, scheduled for November, will result one way or another in economic policies that will ease the pressure on capital expenditures. In the meantime cnts have been made across the board.

Petrohras hopes to proceed in the 1990s with about 30 drilling rigs working on a regular basis, split more or less evenly between on and offshore. But this year the numbers will be half that, with just six offshore rigs on average. In fact, the offshore rig count will approach zero by the year end. The total exploration budget has been steadily slashed from \$1.3hn in 1982, to \$500m last year, and \$410m this year.
If there is one rather large

bright spot, however, it is that Petrobras is continuing to find oil in spite of the budget cuts. Seismic acquisition per kiloRecoverable oil volume per metre drilled







BRAZIL

Caught in an economic trap

metre has fallen in cost from \$800 in 1982 to less than \$200 last year, and recent seismic surveys contain far more information. The result is more mation. The result is more accurate drilling, and more oil found per metre drilled. Offshore this has risen steadily from 92.8 cubic metres of oil per metre drilled in 1984 to 512 7 cm m lest year. Patrobase 512.7 cu m last year. Petrobras estimates that some 15bn barrels are yet to be discovered offshore, compared with cur-rent reserves of about 3hn bar-

On the production front, the budget cuts will cause delays in full development of the Albacora field, in the Campos basin. The first phase of the project consists of six subsea completions connected to a subsea manifold, which channels oil and gas produced to a process tanker moored in 754 feet of water. The deepest prod-ucing wells of the field are in 1,374 feet of water, which lie at the limit of depths that are fea-sible for traditional fixed platform construction. Beyond these depths, the extra steel needed for structural support of such a huge jacket makes the projects uneconomic, as well as technically difficult.

Subsequent wells, however, are being drilled at depths of more than 2,000 feet, and the final phases of the projects envision producing wells at water depths greater than 4,000

The budget cuts have resulted in delays to further subsea completions that will lift production as well as delays in bringing on the nearby Marlin field.
Outside of Brazil, subsea completions tend to be used for

smaller fields which are serviced either by floating produc-tion systems or nearby fixed platforms which process the oil. Although capital costs for fields can be reduced if expen-sive fixed platforms are not used, operating costs tend to be higher because of increased cost of servicing equipment on the seabed, which is inherently more difficult. viced either by floating produc-

the seabed, which is inherently more difficult.

Brazil is the first country to attempt development of large, high-volume producing fields entirely with subsea completions in deep water connected to floating production systems. Although Petrobass has been successful with the technology, it also recognises there may be it also recognises there may be

it also recognises there may be limits to its usefulness.

One particular problem with the Albacora and Martin fields is that each, because of the reservoir characteristics, requires a linear number of markinging a large number of producing wells, leading to a large com-plex of subsea flowlines. This makes it difficult to moor surhave ressels safely, and Petro-bras is now examining the feabras is now estalling tension leg sibility of installing tension leg platforms, in which a beoyant platform on the surface is pul-led down and tethered firmly to the seabed.

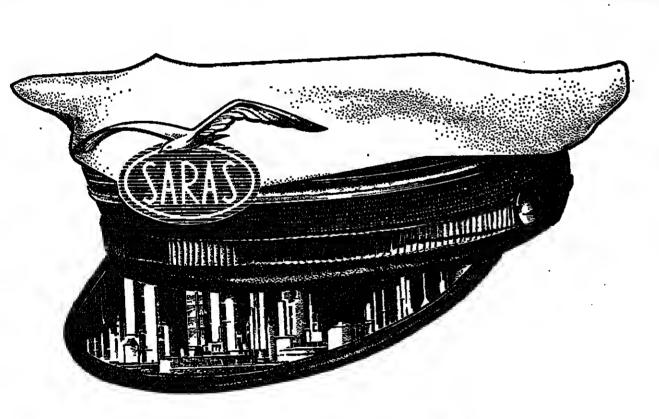
Mr Luciano de Castro Franca, a petroleum engineer who is Petrobras desp water co-ordinator, says the current co-ordinator, says the current production systems will only enable production to depths of about 1,000 metres, whereas known fields extend to double these depths. The problem is that flamble flowlines that connect subset wells to surface vessels are too heavy at these lengths and lack the necessary becomes with the necessary the apparent of the surface in the second control of the second cont bnoyancy. The answer is either to improve the construction of flowlines or to devise surface vessels that can be connected

to rigid risers.
It is a search for technology that is likely to join Petrobras more and more to international efforts, particularly in the Guif of Mexico, where Petrobras has acquired exploration interests.

Indeed, there is an evident polite restraint among Petrobras executives when they speak positively about the benefits to their company of international alliances and of working with foreign oil companies. It is a sensitive and controver-sial political subject at home, where there is opposition to Petrobras expanding its inter-national activities and where foreign oil companies are cutrently barred in the constitution from taking new interests in and exploiting Brazil's oil

It is a political attitude that is looking ever more outdated.

Steven Builer



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Recent Transaction Approximate Value \$58 million Restructure of debt of offshore drilling rig partnerships with Diamond M Company Divestiture of Vetco Services to \$35 million Baker Hughes Incorporated Sale of Mississippi Division to Not disclose Cherco Compressors Spin-off of Pride Petroleum Services \$30 million to DeKalb shareholders Sale of offshore supply vessels to \$9 million Hornbeck Offshore Services: Recapitalization of Hornbeck by institutional investor group Sale to a subsidiary of Spie Batignolles Not disclosed Sale of the assets of Diamond M Company \$59 million to Loews Corporation Acquisition of New London Oil, Inc. \$5 million Sale of Lesco Trucking to Not disclose Ace Transportation, Inc. Restructure of secured debt of \$45 million Diamond M Company (subsidiary of Kaneb Services, Inc.) Acquisition of Peter Bawden Drilling Limited Not disclosed Acquisition of 50 percent interest \$1 i5 million in Eastman Christensen Compan from Texas Eastern Corporation Senior secured financing \$25 million Acquisition of Reda Pump from TRW \$303 million Sale of minority shareholding in Not disclosed Compressor Systems, Inc. Sale of Holden Rig Company to \$24 million DI Industries Sale to Ansaldo S.p.A. Not disclosed Restructure of debt obligations \$600 million of bank group and other unsecured Sale of BJ Machinery Division of \$23 million Hughes Tool Company for equity interest in Varco International

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OFFSHORE OIL 5

FABRICATION AND ENGINEERING

Leaner and fitter

THE UK offshore fabrication. 1991 "markedly exceeds" capacindustry, which saw capacity utilisation shrink to just 23 per cent last year, is much more optimistic for the future but treating forecasts of capacity shortages with a pinch of sait. Recent weeks have seen a spate of bullish reports on upcoming UK North Sea activity and spending as well as progress on key projects, nota-bly the major Bruce gas field.

In particular, a survey by broker County NatWest Woodmac (CNW) suggests UK fabrication yards could be short of capacity by 1991. Some orders may have to go overseas or projects may be delayed, it

With 46 new oil and gas developments worth £15bn in line for possible Government approval in the next two or three years, the specific prob-lem CNW identifies is UK capacity to build "jackets", the offshore platform sub-struc-tures which stand on the seabed. Here potential demand in

MORE than three years after the terrible plunge in oil prices that sent the world's drilling

service industry into a tail-

spin, the industry is still in a spin, the industry is still in a sorry state that is perhaps best expressed by the level of dilling rig activity today.

In spite of the relative firm-

ness of oil prices this year (compared with last year) the

Baker Hughes rig count, which measures drilling rig activity in the US (on and off offshore),

in the first six months of the

were active in December 1981. The contract drilling indus-

well logging or geophysical

nel but the retrenchments and

consolidations carried out by

leading players in business, including Halliburton, Schlum-

ity, it says.

The UK Module Construc-tors' Association(MCA), predictably coel to the prospect of contracts going abroad, sees things rather differently. Chairman Mr John Wood

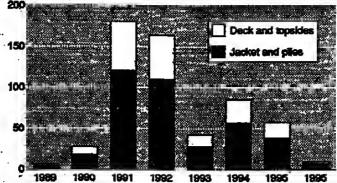
insists UK jacket capacity is greater than CNW suggests. He also siresses a string of other potential project hold-ups ahead of 1991 which the broke has itself highlighted and which may relieve any pressure on UK capacity. These include the need for many gas sales deals and part-

ner agreements and potential capacity shortages in several other parts of the offshore business. The MCA's own last survey, published in the spring, showed the recent recession had reduced UK fabrication capacity from about 44m man-hours a year in 1986 to under 28m this year. Reflecting the subsequent recovery, it forecast a threefold increase in demand from

7.5m man-hours in 1988 to some 20m man-hours by 1991. However, the 1991 capacity forecast still only amounts to 70 per cent of current capacity. This remains the MCA's broad ontlook. But Mr Wood says recent indications are that some project timetables may slip by more than anticipated in the forecast.

Other sources of potential delay he sees are lengthening delivery times for long-lead items of equipment, such as compressors, generators and turbines, and possible capacity shortages in the engineering sector. Here rising pay rates may indicate pressure on resources after the loss of many from the industry during

For both fabricators and engineers one emerging mar-ket trend appears to be grow-ing emphasis by oil companies on awarding turnkey contracts covering all aspects of a project from engineering through to commissioning. This is particu**UK North Sea: Forecast fabrication** workload Weight of probable development platforms phased by year of construction (000 tonnes)



ction is phased on a year by year basis

larly so for unmanned and also increasing signs of interminimal facility platforms, 45-50 of which could emerge in the next decade according to

Some observers see a market polarisation between "super groups" or consortia with full or most turnkey capability at one end and small, highly spe-cialised companies at the other, leaving more traditional design houses squeezed in the middle.

With 1992 looming, there are

est in the lucrative UK market from continental European groups as well as Scandinavian tainty surrounds the future of the UK Department of Energy and its Offsbore Supplies Office which have always firmly denied protectionism but nevertheless have been a significant force in the UK

David Tudball

stretch for miles, to take well

Stuck in a deep trough

DRILLING

berger, Baker Hughes, and Dresser Industries, have left them able to operate affectively in this sort of depressed envi-ronment, and they are posi-tioned to gain when recovery

year has fallen to levels not eventually comes.
"Basic profitability may not seen for over 40 years. Less than 800 rigs were active in most of the first half of the year, and although activlook good," says Mr Anthony Henry, managing director at Simmons & Company, a mer-chant bank specialising in the oil service-field. But these ity picked up at the end of July, this year's average will fall short of the 950 that many companies have strong balance sheets and cash flows." had been hoping for, and a far cry from the 4,521 rigs that

There are also some bright spots, according to Mr Henfry, who says that the Gulf of Mexico is showing signs of try itself is in poor shape, but also depressed are the companies that provide drill-bits, cement, steel tubing or more sophisticated services such as picking up. Day rates for 180 foot supply boats have risen 25 per cent in recent months. from \$1,900 a day to \$2,500, although rates would have to analysis. It is perhaps too early to start speaking of a light at the end of the end of the tunat least double to justify build-

ing a new roat.

Mr Pani Anderson, a senior vice president at Texas Eastern who has dealt extensively with the services companies, says the hardest hit in the industry have been those offering low technology, commodity-type products, such as rotary rigs, boats or basic tools, where independent companies have tended to dominate in fierce

competition with each other.

At the other end of the scale, however, are companies which either are hig enough and are structured in such as way as to be able to introduce operating efficiencies, or which have a technological edge through which they can save money for the oil companies.

It is at this end of the industry where the outlook is far from bleak, even if a bit of patience is still merited. A series of mergers and consoli-dations reduced much of the excess competition among the big international companies, the most outstanding of which was the Baker Hughes merger in 1987, which created the third largest oil service group. Mr. Jim. Woods; Baker Hughes chief executive, says

the merger enbled the compa-

reductions. Mr Woods is optimistic that the industry will gradually strengthen in the coming years, and expects the international rig count to rise from 1.800 now to about 2.400 in two years, with most of the improvement coming from outside of the US. There is also some improvement in the type of work on offer, with an upturn in deeper drilling on and offshore. Offshore drilling has service requirements about four to five times greater than typical onshore costs. Some companies have been

nies to generate \$100m cost

successful offering new services that save operators money. Eastman Christensen, formed in 1986 from a merger of Norton Christensen and Eastman Whipstock, has successfully marketed a package of steerable drilling equipment with electronic gear that locate the drill-bit accurately during operations. Older systems typi-cally required periodic hauling up of drill strings, which can

But the story has not just been one of scaling back and retrenchment. Pearson, the publishing and industrial group which owns the Finan-cial Times, has taken advantage of the cheap prices of com-panies on offer to build up a substantial position in the industry through its Camco subsidiary. Camco capped off a string of eight acquisitions in five years last year with the \$315m purchase from TRW of Reda Pump, an industry leader in downhole submersible

motors and pumps.

Coming from practically nowhere, Pearson has put together a substantial force in the services business, ranking seventh internationally in terms of overall revenues. The Pearson strategy has been to concentrate on the higher technology end of the business, stantial market presence for individual products.

The group is betting not only on a gradual, if slow, recovery of the industry, but also on a trend towards deeper, hotter, and more corrosive drilling which will make use of more of its products and services.

DRILLING CONTRACTORS

In choppy waters

THE North Sea mobile drilling rig business is again holding its breath in the hope that 1990 will at last see a significant market improvement. Since the market started to slip back in 1983 "next year" has so far always failed to produce the hoped for recovery. A pick up last year in utilisation of jack-up rigs used for drilling in shallower waters has this year spread to deeper water semi-submersible rigs. But charter

rates still have a way to go

even to cover costs adequately.
In the jack-up market, utilisation rates of 100 per cent in the latter part of 1988 have since fallen back to about 86 per cent of actively marketed rigs this summer. There are prospects of some recovery of lost ground, however, and par-ticular sections of the market, such as cantilever units, remain much tighter and close to full employment. Mean-while, a significant decline in the semi-submersible fleet has combined with improved demand to boost semi-sub util-

By June this year the decline in the semi-sub fleet from a fairly steady 58 last year to 52 brought it into line with the jack-up fleet in the area for probably the first time since 1960. Semi-sub utilisation of about 88 per cent of the mar-keted fleet in July was ahead of the jack-up rate for the first time in a couple of years.

There is a prospect of further improvement next year. Recent oil company tenders for semisnbmersible rigs needed for long-term development drilling have indicated a growing preference for higher specification units, for instance. That could

Marketed supply only (Percentage)

North sea mobile rig fleet utilisation

Semi

in 1990 and beyond Other factors which should fuel future mobile rig demand in the North Sea area include the impact of recent licensing rounds and problems with dril-ling in high pressure areas. rounds in Norway, The Netherlands and Denmark, the UK 11th round alone should spawn something like 270 exploration

wells over the next half dozen

This may generate more new jack-np charters than semisubs but the latter may be longer. Furthermore, recent problems of drilling in high pressure, high temperature areas in both the UK and Norwegian sectors have produced a back-log of delayed wells which operators will be trying to catch up on as and when new drilling guidelines are settled.

In the absence of a tighter

world market, North Sea charter day rates can only recover to the point where it becomes attractive for outside rigs to mobilise in.

Just as the jack-up market was helped by rigs leaving it

was later burt by rigs moving in. Now the semi-snb recovery has started to attract incomers such as the Maersk Vinlander from Canada following the earlier exodus. Recent day rates for a semi-sub rig rated for 10,000 psi (pounds per sq incb pressure) bave been about £11,000, against about £9,000 last September. Jack-up rates, meanwhile, had slipped to about £13,500 by July for a 300 foot cantilever unit, the lowest since spring last year.

At the corporate level a

tighten availability of third number of drilling rig compa-generation semi-submersibles mes have been through Chapter 11 proceedings and come out the other side. There have also been some takeovers such as the acquisition in the UK of most of the Houlder Group's drilling interests by the Swed-

> industry restructuring.
>
> An innovative and complex transformation of Jebsens Drilling in the UK from a straight drilling company into Midland and Scottish Resources (MSR), a drilling and production company, has put flesh on the bones of a concept many have talked about for some time. As well as providing rigs for development drilling on the Emerald oil field, operated by UK independent oil company Sovereign Oil & Gas, MSR has a big equity stake in the project. It is playing a central role in the construction and production phases through conversion of the semi-sub rig Ali Baba as a floating production unit for the field.

isb Stena Group. But generally

there has been no significant

However, Emerald remains a special case: it benefits from Department of Trade and Industry financing guarantees and oil production bas been sold forward to Finnish state oil company Neste Oy.

Meanwhile, many of the main US players continue to be plagued by rumours about their future and financial hae-morrhaging continues - witness Zapata's mid-August announcement of debt restructuring talks and continuing heavy losses by its offsbore

drilling division.

Against this background, and with a new semi-sub costing about \$150m, the prospects for new rig orders are thin. Nevertbeless, with a declin-

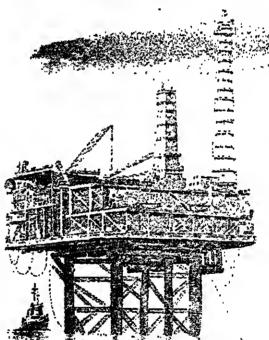
ing world fleet - down to about 680 rigs by mid-August from about 705 a year earlier there have again been warn-ings of possible big sbortages of technically advanced rigs in the 1990s.

Within the industry companies still strapped financially may not be rushing to fork out on new investment. But outside investors with money may have a different perception, seeing drill rigs as under-valued capital equipment with potentially improved prospects in future years.

David Tudball

ENERGY FOR TOMORROW. THE CHALLENGE OF TODAY.





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SAFETY

Spotlight on an unenviable record

THE world's worst oil disaster involving 167 deaths and the destruction of the Piper Alpha platform in the UK North Sea on July 6 last year has thrown an intense spotlight on off-shore safety. At the same time a succession of further incidents and accidents since the disaster has entailed an additional significant loss of pro-

Although in some cases emergency procedures and shutdowns have worked as planned, curtailing damage and injury as they are meant to, the drastic deterioration in the UK Continental Shelf accident record during the past year has posed a question mark over the whole issue of year has posed a question stricter regulation of permit to mark over the whole issue of safety in a maturing offsbore ous shortcomings oo Piper

A marathon public inquiry into the Piper disaster is still continuing in Aberdeen, albeit adjourned uotil the middle of this month for the current Offshore Europe Conference and Exhibition. The two part inquiry has many weeks to run yet. However, response by both the Government and the oil and gas industry has been uoder way in various forms

ever since Piper. New measures already introduced or proposed by the Department of Energy in the light of Piper investigations

statutory requirements on

have heen highlighted as potentially central to the initial gas leak;

installation of platform level

emergency shutdown valves (ESVs) on pipelines – venting hack of large quantities of hydrocarbons in pipelines connecting Piper with other installations is thought to have fuelled the inferno that devel-oped some time after the initial explosion;

changes to regulations to increase lifeboat and life-raft capacity, to protect evacuation routes and muster stations, to provide escape ways to the sea, and to improve life-lackets and immersion sults, alarm and public address systems and

communications;
instructions to carry out reg-

ular checks on life-raft launch sures on first aid equipment.
Regulations have also been introduced to require elected safety committees offshore,

aithough not through unions as long demanded by union leaders. New project approvals continue to emerge hut on the basis that any further recom-mendations from the Piper inquiry will eventually have to be complied with. Here the indostry is clearly

having to make a judgment on what is likely and what is not Continued plans for large sin-gle platforms including accommodation, processing and drilling on one structure indicate there is little expectation of separate quarters platforms

being widely required.

The BP Miller platform, approved after some delay in the wake of Piper, is such an integrated platform and plans for Piper Bravo are along these

However, design changes including further blast and fire protection, for instance, are aiready well under way and added impetus has been given to the trend towards more unmanned or minimal facili-

ties platforms.

More than 2,000 tonnes of steel was added to the Miller platform "topsides" section to contain any blast within a module and some £15m of extra safety features were added to the Amerada Hess Ivanhoe/Rob Roy floating production system even when conversion work

was 80 per cent complete. Further work upgrading safety provisions is under way on Sbell/Esso's Southern North Sea gas installations. There has also been some recognition from the industry that corporate emphasis on cost reductions to maximise production could distract from safety

As well as Piper, a subsequent blow-out on the Ocean Odyssey drilling rig, which killed one man, has prompted a fresh look at problems of dril-ling in high pressure and high temperature areas. Here the industry is beginning to come

sure to tighten procedures. Criticism continues, how

ever, particularly from trade unions, that both the Government and industry response to Piper and other accidents remains inadequate and that the Piper inquiry is not wide ranging enough. Demands for the Department of Energy's safety role to be removed to the Health and Safety Execu-tive have been frequent and this issue will clearly have to this issue will clearly have to be addressed if the department is evectually dismantled.

There have been claims of a retreat hy the department on requiring seabed level emer-gency shutdown valves on pipelines, a claim it strongly denies. Certainly some are likely to be required and some have already gone in. But industry's reluctance to embark on widespread installation of technology claimed to be still very uncertain has been obvious. Present plans of technology claimed to be still very uncertain has been obvious. operators such as BP and Shell for such valves appear to be fairly limited.

Further Government measures are already in the offing - on risk analysis the Energy Department is planning to introduce a requirement for safety assessments.

Many other important issues have emerged and remain to be dealt with by the Piper inquiry — ranging from continued serious shortages of Energy Department safety inspectors to the basic design philosophy of emergency vessels like Occidental's Tharos which was able to do little on the disaster

Perhaps one of the most interesting and fundamental is the issue of how to deal with a situation where both lifeboat and helicopter evacuation from a platform prove impossible. It is clear from the Piper inquiry that little work or progress has been made on this, although Energy Department director of safety Mr Jim Petrie conceded in evidence last month that it was of the "greatest priority".

David Tudball

wytch farm, Britain's largest onshors oilfield. Within a few years, without donbt, an oil platform, or some similar structure, will be built in the shallow waters of the bay, and remain for 20 or so years while the field is drained, sell the while interrupting the once unobstructed view of the sea, and the Purbek range to

the south-west. BP has not yet announced any plans, nor even any reserve estimates, but in Bour-nemonth and the unspoilt nature reserves that surround this famous holiday spot, the need for a big structure to produce oil, and even the theoreti-cal danger of severe pollution, is understood by local commu-nity authorities, tourism offi-cials and conservationists.

Even so, on a recent trip to

OFF the southern coast of

England, in a bay overlooked hy the seaside resort of Bour-

nemouth, BP found quite a lot of oil earlier this year — hun-dreds of millions of barrels —

in the offshore extention to Wytch Farm, Britain's largest

the area, it was hard to detec any serious opposition - only hope and confidence that BP will continue consulting with the community to minimise any impact. Everyone seemed to accept that a project of that scale was too important for Britain to be halted, even though the community stood

to gain little directly.
Yet across the Atlantic, the entire US population seems up in arms and wants to prevent the oil industry from ever again marring with a drill-bit the ocean floor that lies under hundreds of feet of weter, often far over the horizon from the nearest beaches Oil companies have individu-

ally paid tens (some hundreds) of millions of dollars to pur-chase federal leases off the Atlantic coast, off the coast of California, and near Alaska. Yet Congress, under pressure from local environmental groups, is busily denying the US Interior Department funds that will enable the govern-ment to play its part so the oil companies will be able to drill those tracts, as they were promised (The Gulf of Mexico is spared.)

It is easy to argue and proba-bly true that US public opin-ion, and the politicians who speak for it, are being unrealistic both about the actual record of the offshore oil indus-try and America's energy plies for the first time since 1977, and the tankers that bring in this oil cause vastly more pollution than does offshore exploration and produc-

A 1985 study by the US National Academy of Sciences found that tanker accidents and other shipping activities account for 45 per cent of oil in the sea, compared with just 2 per cent from offshore produc-tion (36 per cent comes from municipal and industrial waste, 9 per cent from the atmosphere, and 8 per cent

Public anger rapidly coming to a head

ENVIRONMENT

from natural sources, such as seepage.)
Yet rather than blaming public ignorance, it may be more pertinent to ask why a more pertinent to ask why a huge, and apparently powerful industry, has failed utterly to present its case to the public, and why it is detested.

Of course, the Exzon Valdez tanker disaster, in which 261,905 harrels of oil were william.

spilled into the Prince William Sound off Alaska in March, the oil industry to a head. The industry collectively has been left in the untenable position of either denying the ultimate seriousness of the accident, or admiting that it grossly miscal-culated the potential threat caused by oil spills. It has in effect opted for the latter, activating emergency task forces to study and improve tanker safety and oil-spill response capability. because the oil that we don't produce in that field will be taken by tanker into Calif-ornia. And they concede that," says Mr Galvin.

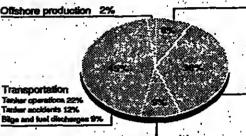
Following a series of three serious blowouts in 1969 and

1979, including the Santa Bar-bara hlowout in California, the federal government tightened regulations for offshore drilling sharply, and the resulf is that since 1970 there have been only 10 production-related spills of more than 1,000 barrels (the higgest less than 20,000 bar rels), according the the US Minerals Management Service. and none comes from losing control of a well (Most were, caused by damaged pipelines.)
None of the spills, including
the Santa Barhara hlowout

which was the biggest in US history, have caused any iden-tifiable permanent environ

Mr Jack Little, Shell Oil vice

Sources of oil in the World's seas



Offshore production 2%

But the hostility to the oil

industry predates the disaster, which only served to heighten the pitch of public anger.

"The image of the oil industry is terrible," says Mr Richard Stegemeier, chairman and

chief executive of Unocal. "We've taken the attitude that if we produce a quality product at a good price the image would take care of itself." The resulting pressure for

extreme action on environmen-tal issues has deeply distressed many in the industry, who are generally better technicians and managers than they are politicians (and whose basic ideas about the environment probably differ little from those of the broad public). "They (government officials)

have the ability to just keep taking you in circles," says Mr Raymond Galvin, senior vice

Chevron's \$2bn development at Point Arguello off the California coast was staffed up and ready to start production in early August when the State revoked permission to trans-port oil in tankers from a nearby terminal (there is no pipeline from the terminal). County officials had earlier given that permission, but the state decided it wanted Chevron to see it if could find another way to market the oil and therefore revoke the permission to transport the oil by

"It's a crazy world we live in

president, is hopeful that the one year offshore drilling mor-atoria now going through the US Congress will be lifted fol-lowing the report of a special presidential commission examining the question. Others are less optimistic.

"We've got a big fight on our hands to keep these areas open," says Mr Bill Sears, who heads BP Exploration's offshore business unit in the US. "We're on an absolute collision: course between energy

and course between energy and the environment," says Mr Stegemeier. "We have the most promising outer continental shelf areas for gas development in moratoria." And gas, he says, is gradually emerging as the environmentally friendly fuel of choice.

What distresses many in the industry is the apparent lack of coherence, the lack of any senicy based on an assessment of energy needs, environmental priorities, and the cost of protecting the environment.

Mr Stegemeier believes that any solution will have to stress conservation. But so far he and others have been banging on an empty drum. Any sensible energy policy is almost certain to hurt the oil companies in some ways, as it may help in others. Yet as one Chevron official said: "We don't have a national energy policy and it to national energy policy and it is going to hurt this nation."

Steven Butler

ENTERPRISE OIL plc



£50,000,000

12 year Multi-Currency Credit Facility for its participation in the development of the Arbroath Oil Field

PROVIDED BY



European Investment Bank

ENTERPRISE OIL plc



£80,000,000

15 year Multi-Currency Credit Facility for its participation in the development of the Ravenspurn North Gas Field

PROVIDED BY



European Investment Bank



FLOYD ENERGY PLC

£4,200,000 **Development Financing** Ayoluengo Oil Field/Marismas Gas Field

£3,000,000 Acquisition Financing Whiteley Read Limited

D.Fl. 17,600,000 **Acquisition Financing** Romein Roosendaal Beheer B.V.

The undersigned provided each of the above facilities



Canadian Imperial Bank of Commerce

Natural Resources European Specialised Finance Group

THE SINGLE MARKET

Battle-lines drawn

BRITISH civil servants, oil be excluded when the 1992 proindustry executives and Brus-sels bureaucrats will he the European Parliament on engaged in a long tussle for the rest of this year about the implications for the oil industry of the "1992" directives for the breaking down of internal barriers to the free market.

The main idea behind the initiative from the European Commission in Brussels was to set a firm date (1992) by which the free market should be extended to the parts of the member countries' economies that competition had not reached. These were largely sectors of traditional public procurement like telecommunications. Throughout the com-mon market, state ownership in these hig industries continues to be used to further

nationalistic commercial alms.
The inclusion of the oil and gas exploration and production industry was therefore controversial from the start. It is dominated by multinationals which compete strongly against each other and could therefore be presumed to have an interest in letting contracts for engineering and construc-tion projects at keen prices through the widest possible tendering.

That, at least, was the argument of the UK Government earlier this year when it pressed, apparently with some success, for the offshore oll and gas sector to be excluded from the 1992 regime. Other coun-tries were not so sure, partly for the simple political reason that 70 per cent of EC procure-ment in this sector is for projects in British waters, so any benefits from bending the rules flowed mainly to British com-

nowed mainly to British com-panies at the expense of rivals in continental Europe.

The other reason for wanting the sector to be included was that there is a strong prima-facie case that the UK Govern-ment has twisted the arms of oil companies to "buy British." with discreet hints or threats that they would not he favoured in future licencing rounds if they are awkward.

The oil companies, meanwhile, have been in an amhiguous position. On the one hand, they would prefer free competition and would rather not offend the EC commissioners. On the other hand the UK Gov ernment continues to wield strong powers in relation to licences, the tax regime, safety regulations and other matters. Then the oil companies fear that compliance with the rules laid down by the Brussels hureaucracy could be onerons, time-consuming and perhaps costly if it led to delays while appeals from unsuccessful ten-derers were processed.

These were among the rea-sons why it seemed possible that the offshore sector would

May 25. However on that day, the British representatives were absent because of Euroelections back home, so the exclusion was not agreed.

Since then the Brussels Commission has been re-drafting the proposals to take account of some of the objections. A provisional version is expected to be circulated for comment within three months. The UK Government's continued position is that it wants

the sector to be excluded from

the new rules. Behind the scenes, however, it is trying to

ensure that the rules would not be so bureaucratic or oner ous as to slow up development of the UK North Sea fields. After all, it is difficult to argue even to a British audience, that with more than 80 per cent of the domestic market and 15 years' experience, the UK offshore supplies industry is a "fledgling" requiring any special half.

any special help. The industry Itself replies, with some justice, that the competition it is being asked to meet is not fair and open, but covertly subsidised. How, it will say, can it compete with Italian, Spanish or French pro-ducers which have access to extra cheap supplies of steel or cheap labour? But the whole purpose of the 1992 exercise is

to eliminate these distortions. The "stickiness" of these markets will no doubt be open to debate, and more likely to some political horse trading. Nevertheless the final rules will have the status of law which member countries must

The industry and the UK government therefore have a strong interest in ensuring that it operates smoothly and does not compromise national safety standards. Special safety requirement might, of course be used as a way of giving preference to domestic suppliers. But on the other hand general EC atandards might not be applicable equally to North Sea platforms and to installations in less hostile Mediterranean waters. A method of adding to a common standard in a way which is perceived to be fair

must therefore be found. Norway, which has had a strong policy of favouring its own suppliers, would not be directly affected by the new regime in Europe, but if the European industry is forced to dismantle internal harriers, there will be strong political temptations to sreet external protectionist walls, if only so that they can be dismantled in future bargaining. That, how-ever is another battle.

Max Wilkinson

Your competitor's weekly guide to the North Sea

North Sea Letter 15 an important briefing which Keeps me up to date on the latest developments in the North Sea G. Sutherland, Director Corporate Finance, Shearson Lehman Hutton International.

his comment explains why so many people in key positions in the L oil and gas industry rely on the Financial Times North Sea Letter. Shouldn't you be sharing their advantage?

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FINANCIAL TIMES COMPANIES & MARKETS

Tuesday September 5 1989





INSIDE

Leadership ambitions drive Peugeot

Manchester 861-228 6752 Shelfield 9742 750945



rance'a Peugeot group might not have moved heaven, but it has shifted a hine amount of earth and even a river to bring into production its new 605 range of executive saloons announced today. The car itself forms an important ingredient of Peugeot's ambition of capturing leader

ship of the West-European motor industry. But it is at least matched in importance by the FFr9bn (\$1,366m) investment in the plant that is producing it at Sochaux, near Basie. John Grif-fiths reports on the programma that is intended to take France's single largest industrial site. both into the 21st century and on to a new pla-teau for the group to terms of manufacturing technology and methods of working. Page 29

Pausing to admire the view

investors stopped to take in the view from the higher slopes of the world's equity markets last week and share prices made very little progress in one of the steadlest weeks of the year. Naw heights were reached with the minimum of effort. Allson Maltland reports. Page 38

Now for the hard part

The summer's fine weather made this year'a harvest one of the assist on record. In all but a few parts of the country the grain is safely gathared in. But, says David Richardson in his Farmar's Viewpoint, that was the easy part. Far harder is estimating the size. Page 30

GrandMet deal on the cards



Grand Metropolitan Is expected to announce this week that it is selfing alther all or most of its Mecca and William Hill betting shops to Brent Walker, the drinks leisure and property company beaded by Mr George Walker (left). Discussion is continuing over whether or not Brent Walker gets all the

1,500 outlets in the UK, estimated to be have a £600m (\$942m) price tag. It is understood that Mr Bob Greene, the former head of Mecca Bookmakers would like to buy some of them.

Stores follow accounting trend

The UK accounting profession has been a halpless bystander as companies have taken advantage of accounting ambiguities to mas-sage their reported profits. Although the stores: sector is not the only one to delive into such practices as accounting accounting, capitalisa-tion of interest and off balance sheet finance, it has become unusually prone to adopt them because of the pressures upon retailers. David Waller reports. Page 28

Bumpy ride ahead

The proposed leveraged buy-out of United Airlines through an Employee Stock Ownership.
Plan by a consortium of its management,
employees and British Airways looks like flying into a political backlash against this tax-effi cient form of employee ownership. Since the early 1970s, Esops have been the darling of Congress, which saw them as a tool of "people's capitalism" and "workplace democracy". However, writes Janet Bush, the increasing popularity of leveraged Esops and the use of plans as a highly-effective takeover defence have started turning political sentiment around.

| Dase landing rates |
|------------------------|
| Benchmark Boyt bonds - |
| FT-A indices |
| FT-A world indices |
| FT int bond service |
| Foreign exchanges |
| London recent Issues |
| |

ASW Holdings

Minimistr Lecure.
Murray Income Trust
Opinicron Systems
PWS Holdings
Péarson
Persimmon FAI Insurances Grand Metropolitan Halls Homes/Gardens

Chief price changes yesterday TOKYO (Yes)

Bowater offers £382m for Norton Opax

By Andrew Hill in London

BOWATER Industries, tha packaging and industrial prod-ucts group, yesterday launched a \$382m (\$600m) hostile bid for Norton Opax, the specialist print and packaging group, and a campaign to thwart Norton's unwelcome bid for De La Rue, the banknote-

Bowater bought Norton shares in the market and now speaks for 29,99 per cent of the votes in the company, which it plans to cast against the De La Rue deal at a special meeting next week.
Mr David Lyon, Bowater's chief
executive, said yesterday: "Wa
believe it's important to stand up

In January, after Bowater Industries had surprised the City by spending about £70m (\$110m) on a stake in Norton

Opax, Mr David Lyon, Bowater's

chief executive, was in a benign

"I think when you have a

group of people, such as those at Norton, who are very proud of

what they have done and have a

strong sense of independence, it is much better to come to them

with a plonghshare and olive-

bugles and fixed bayonets," he

Yesterday, with bugles hlaring,

the packaging and industrial

products company thrust several hayonets into Norton, trans-

formed within two weeks from

predator - in its hostile hid for

bank-note printer De La Rue — to prey. Bowater's "full and final" bid for Norton, a specialist print and packaging company, is

worth £382m. According to Bowater's lengthy

preliminary statement, Norton's offer for De La Rue has "no com-

mercial merit and exposes Nor-ton Open to high financial risk.". Norton's record is faltering, its

earnings are deciming, its mar-gins static, its leadership indeci-sive and its bid illogical. De La

Rue, set to produce its formal

not have done much better.

defence early next week, could

As Mr Richard Hanwell, Nor-

ton's chief executive, pointed out

yesterday, Bowater's press

release on the bid is practically a_fully-fledged offer document.

It needs to be. At the end of next week, if Norton's sharehold-

ers approve the De La Rue offer,

Bowater's bid will lapse, Following market purchases yesterday,

Bowater can speak for just under

said at the time.

approach, than with

because Norton has made a bid which isn't in the interests of its

He said the Bowater offer would not be increased unless a rival offer emerged. If shareholders in Norton give the De La Rue offer the go-ahead, the Bowater bid will lapse. Norton struck back last night

by obtaining a court order forbid-ding one of Bowater's advisers, Bankers Trust International, from acting for the predator, or disclosing any confidential infor-mation about Norton to Bowater or Morgan Grenfell, the group's in particular, the court order

When ploughshares

turned into bayonets

Andrew Hill reports on how Bowater's hostile bid has transformed Norton Opax from predator into prey

30 per cent of the votes, but it still needs to persuade fellow Norton shareholders that their board's strategy is at fault.

That explains why the first bayonet thrusts of Bowater's bid are directed at Norton's manage-

ment and the logic (or otherwise)

of its offer for De La Rue. But Bowater watchers will also

be interested in the way in which

this latest move fits into the

packaging group's own develop-ing strategy.

Six years ago, as Bowater Cor-

poration, the company relied on pulp, paper and newsprint. Dam-aged by dependence on the cycli-

cal industries, Bowater cannily

gave bid speculation the slip in 1984 when it announced a demer-

ger. That split out its US paper-

making interests (Bowater Inc), to leave behind paper, tissue,

packaging, merchanting, freight and industrial products based in

the UK (Bowater Industries).
Initially hailed by observers, the demerger failed to produce the promised benefits for Bowa-

ter Industries and growth was

In 1986, fed up with capital intensive, cyclical investments, the group sold its half-share in Bowater Scott, to its partner Scott Paper of the US, which

made Andrex toilet paper. Sepa-

rately, a management team bought Bowater's original core

business, the UK paper-making

later came to the market as UK

in direction for Bowater and the

installation of a new manage-ment team led by Mr Norman Ireland, formerly BTR's finance

director, as chairman, and Mr

Lyon, former managing director

Those deals heralded a change

and merchanting interests, which

said, Bankers Trust could not disclose information relating to Norton's future trading prospects, including likely sales growth and profit margins, or details of dis-

posals and financial strategy. Bowater first bought a 26 per cent stake in Norton at the beginning of the year, from Mr Robert Maxwell, the publisher. If Nor-ton's cash-and-share hid for De La Rue succeeds, that stake would be diluted to about 13 per cent and Bowater would no longer be able to take a share of Norton's profits in its own

Yesterday, the packaging group bought 7.29m more shares

An £89m rights issue was swiftly followed by the purchase

of Rexham Corporation of the US,

a specialist producer of cartons, film, labels and flexible packag-

ing, for about \$226m. The acquisi

tion added a new division - coat-ings and laminates - to the

Underperforming subsidiaries and peripheral husinesses – such as the freight interests –

£60m between the middle and end

of last year. Out of that strategy was born a desire to expand Bow-

ater's printing interests to pro-

duce more colourful packaging for clients, pushing up margins.

chase of a stake in Norton from the omnipresent Mr Robert Max-

well (also a key De La Rue shareholder), must have seemed logi-

cal to Bowater's management.

But the deal baffled analysts. Mr Lyon said yesterday: "We believed Norton was basically a

series of small, strong husinesses with good shares of good mar-kets. We believed these compa-

nies would benefit from a closer

association with us, improving the quality of our print and pack-aging core business."

the strategy has a more pleasing appearance. The overlap in prod-

print and packaging division

comes from printing, but most of the print operations aim to add

value to packaging. The cheques

which Bowater prints are com-pany cheques not personal cheques (like Norton's). Book

printing and publishing is so far

away from the core of Bowater's

uct lines is fairly narrow.

As a full bid, analysts believe

Some 45 per cent of Bowater's

In that respect, January's pur-

sold, raising more than

als company.

Bowater portfolio.

in the market, increasing its every four Norton ordinary holding to 31 per cent of the ordi-

Bowater also yesterday announced interim results for the first half of 1989, with pre-tax profits up 21 per cent to £26.8m (£30.5m). Overall turnover came down from £727m to £709m following disposals. Earnings per share rose from 17.9p to 21.5p and Bowater declared an interim dividend of

8.5p per share against 7p.
Norton shareholders accepting the Bowater offer would receive three new Bowater 7.75 per cent

convertible cumulative preference shares and 600p in cash for

shares. Prefarence shareholders are offered 159 new Bowater convertible preference shares and £318 in cash for every 400 Norton convertibles.

The cash alternative is worth 225p per ordinary share against the ordinary offer value of 228.75p – or 119.25p per prefer-ence share, against 121.2p under the preference offer.

Bowater shares rose 6p to 501p yesterday, while Norton's share price, which had increased sharply on Friday on rumours of a Bowater offer, was up from 191p to 221p. De La Rue shares slipped 16p to 357p.



David Lyon (left) and Norman Ireland, leaders of management team: keen to expand Bowater's printing interests.

business that it could be sold. But Bowater argues that its business form and cheque-printing network could distribute Norton products, while its position in the Far East and Australasia links with Norton's aim of developing a marketing platform in

Norton is still concentrating its attentions on attack (of De La Rue) rather than defence (against Bowater), but the market seemed resolved yesterday that its De La Rue hid was dead in the water. The hanknote-printer's shares slipped 16p to 357p, despite an academic increase in the value of the Norton offer to 401p a share.

The chances of Mr Hanwell and Mr Lyon making up seem

remote. They have hardly seen eye to eye since Bowater bought its Norton stake and if the result of the shareholder meeting goes against Mr Hanwell he seems unlikely to soften his reaction to Bowater's bugle and bayonet

When the two met last Friday to discuss the De La Rue bid, the meeting was "certainly amicable and definitely constructive' (according to Norton) and "informative" (according to Bowater). The possibility of a bid for Norton did not come up.
"It was an excellent meeting

very constructive - hut ohvi-ously they're extremely good at acting," remarked a terse Mr Hanwell yesterday.

Adia in **Swiss** services merger

By John Wicks in Zurich

ADIA, the world's second largest employment agency, is to merge with fellow Swiss company Inspectorate International to form what it is claimed will be "one of the world's largest ser-

vice groups."

The transaction marks a further development in the reshuffling of the business interests of the influential Swiss industrial-

omni Holding, in which Mr Rey has a stake of some 80 per cent, owns 37 per cent of Inspec-torate, which in turn acquired a controlling minority stake in Adia earlier this year giving it 20 per cent of the capital but 38 per cent of the votes.

Only last week, Omni announced the purchase from Inspectorate of a shareholding exceeding 80 per cent in Harpe-ner, the German property and holding company, for DM1.01hn (\$513m).

The merger transaction involves a split of Adia bearer shares from SFr200 to SFr100 nominal value, the conversion of registered shares into bearer shares and a one-for-one rights issue. Lausanne-based Adia, 1988 turnover of which amounted to SFr2.51bn (\$1.5bn), is the world's second largest employment agency after Blue Arrow of the US. Employment agency activi-ties, which include Alfred Marks agency in the UK, accounted for SFr2.25bn of last year's revenue. A further SFr108m of turnover came from the security-services

Inspectorate International, of Berne, had 1988 turnover of SFr2.47bn. Its main activities are in the field of computer leasing, quality inspection and security services. Its higgest division, information technology, covers computer leasing, data hanks, software and disaster centres and had turnover of SFr1.81bn last year.

One benefit of the merger is seen to lie in its "uniting the knowhow of two largely complementary management teams." When Inspectorate acquired the Adia shareholding, Mr Yves Paternot, Adia's general manager, became managing director of Inspectorate, while Mr Martin Pestalozzi, Adia managing direc-Inspectorate. Both executives serve on the Adia board, Mr Pes-talozzi as its chairman. Although final details on the

planned merger will not he released until the end of this month, it is known that Mr Rev's interest in the new company will Details, Page 20

Nomura invites players to pay \$1.26m per shot at Wentworth

By Paul Cheeseright in London

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36 Link trusts 32-36
37 WENTWORTH, not quite but nearly the most hallowed of Brit-ish golf clubs, comprising 800 acres in the smart stockbroker belt of Surrey, is being split up. For £800,000 (\$1.26m) the rich investor, with golf on his mind and visions of a property play at the back of it, is being offered the chance to buy 1 per cent of the Wentworth equity in what is surely one of London's more dis-creet international share plac-

ings.
Nomura International, the Japanese securities housa, has approached 65 investors, offering the £800,000 units, in the hope of obtaining 40 responses to raise £32m for Chelsfield, the private property company which owns

If this comes off — and Nomura is discreet about the chances, not venturing heyond "some indications of acceptancea" and "some Japanese acceptance will take place" — then Chelsfield will have orchestrated a neat deal for itself. Wentworth was only worth

the construction and property group, sold it to Chelsfield and Benlox Holdings. By the end of the year Benlox had sold its 40 per cent stake to Chelsfield for £12.5m.

So that left Chelsfield, controlled by Mr Elliott Bernerd, in sola control of expanding tha club from two to three courses,

pondering the possibility of development on 100 spare acres. Now, as American, British Hong Kong, Japanese and Swed-ish investors look at Nomura's offer document, Mr Bernerd can contemplate getting his money back while still controlling prof-its from what will be a UK insti-

what the club members think of all this is not clear.
Their social life, however, should continua its aven, if

expensive, tone.
Mr Willie Bauer, once managing director of the plush Savoy Hotel, took over the running of the Wentworth clubhouse last

Eagle Trust chief brings in allies

THREE NEW directors have been appointed to the board of Eagle Trust, the UK industrial holding company which is the subject of a Serious Fraud Office investigation. The move appears to give Mr Malcolm Stockhale, the chair-man of Eagle Trust and of the US group Iroquois Brands, board-

In a board meeting on Friday night it was agreed, at Mr. Stockdale's suggestion, that Mr Antony Theodorou, vice chairman of Iroquois, Mr Malcolm Lovett, a director of Iroquois and Mr Norman Ricketts, a Bristol-hased businessman be appointed to the

Together with Mr Bob Garri-son, Iroquois' chief executive and Mr Hamish Janson, who regularly supports Mr Stockdale, the changes are likely to give Mr Stockdale six votes on the 10-man beard. Mr Ricketts, a former banker, said yesterday: "I would not have accepted the appoint-ment had I not felt confident of what can be accomplished through Mr Stockdale'a dynamic and incisive ability to achieve results." Mr Sidney Samuelson, a non-executive director, is under-stood to have opposed the move to expand the board. Other directors are believed to have opposed some of the appointments.

The situation is unusual as Iro-

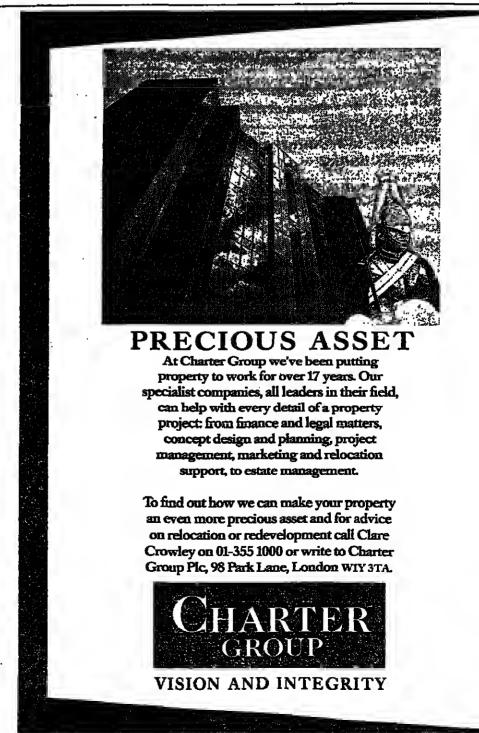
quois has not paid for a 12.9 per cent stake in Eagle, which it agreed to buy in April, because of its concern over warranties apparently given by Mr John Ferriday, Eagle's former chairman and chief executive. Yesterday, the owner of part of that stake, Coast Investments, a Knwaitibased group, said it considered itself still to own a 5.8 per cent holding Mr Andrew Fitton, chief holding. Mr Andrew Fitton, chief executive of Braithwaite, the UK industrial services company, who has made an approach through merchant bankers Henry Ans-bacher with a view to injecting capital and buying Eagle subsidiaries, said he regarded the

appointments as a further poten-tial obstacle.

Meanwhile, reaction continued

to Mr John Ferriday's reported statement that Eagle funds were used in 1987 to meet the commitments of sub-underwriters in an Eagle rights issue. Mr Ferriday's explanation made no mention of Anser General Investments, a Panamanian registered company, which according to Swiss Bank Corporation, the organisers of the rights issue, gave instructions for £13.5m to be paid, mainly to meet Mr Ferriday's sub-underwriting commitments.

A spokesman for Peat Marwick, the auditors which signed Eagle Trust's 1987 accounts, said:
"We have no evidence of any
monles being used to support the
underwriting. We carried out an investigation but this did not shed any further light on the sub-ject. However, the 1988 audit remains unsigned and we are still investigating the flow of funds during 1988."



DETAILS OF ADIA-INSPECTORATE MERGER

Shares swap to create big Swiss services company

By John Wicks in Zurich and Our Financial Staff in London

vesterday between Adia, the Swiss temporary employment services group, and Inspectorate International, the Swiss inspection and employment services concern, will be executed through an exchange of

shares.

The swap plan has been approved by the boards of the two companies, which are both linked indirectly to Mr Werner

Rey's business interests.

The first stage of the proposed merger plan would involve a split of each of Adia's current hearer shares, which have a nominal value of SFr200, into two new Adia bearer shares with a nominal value of SFr100, a company

spokesman said.
This would be followed by an elimination of Adia's current registered shares, which have a nominal value of SFr100, through an exchange of those shares for the new bearer

The holder of one registered share would receive in exchange two of the new bearer shares with a nominal value of SFr100 against payment of SFr100. As a result, Adia would no longer have registered shares, only bearer

The next stage would involve a capital increase, reserved exclusively for Adia



Werner Rey: Adia and Inspectorate link

sharebolders, in which each holder of one new bearer share with a nominal value of SFr100 would be offered one new bearer share at par value, or

Owners of one existing Adia participation certificate (PC) of SFr20 nominal value would receive an additional certificate of the same nominal value

on payment of SFr20.

This would be followed by a second capital increase aimed at accommodating the number of new Adia bearer shares and PCs that would have to be created to exchange Inspectorate

spokesman for both companies

These new Adia shares and PCs would then be offered to current holders of inspectorate bearer shares and PCs. For Inspectorate shareholders, one SFr100 bearer share would entitle them to one new Adia hearar share, while one ex-isting SFr20 Inspectorate PC would be exchangeable for a similar Adia certif-

In both cases, no charge would be made. Inspectorate does not have registered

In terms of the size of the future group, Adia is already expecting higher revenue than in 1988, its turnover having jumped by 32.2 per cent to SFr1.62bn (\$953m) in the first half of 1989. In the case of Inspectorate,

1989 figures are harder to esti mate. The company is to sell Harpener, with annual turnover of some DM176m (\$89.3m). to Omni Holding. At the same time, the company is studying its position regarding Meridian International, the computerleasing group, which does not seem to fit into future corpo-rate strategy.

However, Mr Paternot says this will not necessarily mean divestment; one alternative is

Miller & Santhouse in bid talks

By John Thornhill in Lendon

HECTIC stock market speculation yesterday forced Miller & Santhouse, the Liverpool-based optician, into announcing it was in talks which might lead to a bid at 185p per share. This would value the company at £14.5m

(\$22.7m). The announcement was preceded by a sharp rise in Miller & Santhouse's share price. which at one stage touched 195p before closing at 183p, up

23p on the day. However, there was some fierce criticism in the City at the price at which Miller & Santhonse's management appeared to be prepared to sell

the business. Mr Mark Husson, a stores analyst at Morgan Stanley, said: "The price is a disgrace. The shareholders are getting a raw deal. The institu-tions which are sticking with the management are hoping they can turn it round not sell it off."

Miller & Santhouse runs about 100 opticians shops in the UK and seemed to have developed a highly successful retailing formula. However, it was hit last year

by the imposition of VAT on optical products, and pre-tax profits fell by 20 per cent to £400,000 in the second half of 1988. When this result was announced in March, its shares plunged from 430p to 225p. A further blow came earlier this year when free sight tests were abolished.

Analysts snggested that either Boots, the retail chem-ist, or fellow optician. Dolland and Altchison, owned by Gal-laher, might be possible bid-ders, although the guesses tilted towards the latter as Boots was presumed to be pre-occupied with digesting its acquisition of Ward White.

The company was founded by Mr Maurice Miller and Mr Jeffrey Santhouse in 1976, and expanded rapidly in the optical

NEWS IN BRIEF

UAP and **US** concerns in ioint venture

UNION DES Assurances de Paris (UAP), the French stateowned insurer, has agreed to set up a European joint venture with Kemper National
Property, the US insurance
group, and Casualty Companies, part of Kemper Corporation of Chicago, Reuter reports
from Paris.

IIAP said the company

UAP said the company would market and service highly-protected risk (HPB) insurance in Europe. HPR insurance is offered to clients who already have a high level of protection against damage or loss to goods or property. HPR premiums reflect this

The French company said Mr Jean Peyrelevade, UAP's chairman, and Mr Gerald Mastman, Kemper's president, had signed the agreement yes-terday in Monte-Carlo. It also said the two groups would work together outside Europe.

The Instituto Nacional de Industria (INI), Spain's state industrial holding, has agreed with Ercros, the country's largest fertiliser concern, to form a single Spanish fertiliser producer to compete with

European rivals.

INI said it had agreed to sell 80 per cent of its fertiliser company, Empresa Nacional de Fertilisantes, to Ercros for Pta 7.44bn (\$60.5m). INI retains 20 per cent. Ercros was formed by the merger of chem-ical group Union Explosivos Rio Tinto (ERT) and the Cros fertiliser company, both con-trolled by the holding company Grupo Torras.

■ VDO Adolf Schindling, the West German manufacturer of antomobile instruments, said yesterday that group sales climbed 12.8 per cent to DM1.12bn (\$568.5m) in the first half of 1989 from DM993m a year earlier.

Parent company sales rose 9.5 per cent to DM781m from DM713m. VDO said first-half net profit in the parent company was 1.2 per cent of sales. That would translate into earnings of DM9.4m. The company did not give any yearearlier figures.

Most of the sales increase came from VDO's foreign subsidiary.

Esops face the day of reckoning

Janet Bush on moves to deprive leveraged schemes of tax breaks

he proposed leveraged huy-out of United Air-lines through an Employee Stock Ownership Plan by a consortium of its management, employees and British Airways comes at the start of a political backlash against this tax-efficient form of employee ownership.

Under the terms of tha

\$6.8bn leveraged bid unveiled late last week, British Airways would take a 15 per cent stake, 10 per cent would go to man-agement and the remaining 75 per cent would be owned by its employees. If the bid succeeds, United Airlines will be the largest US company ever to be controlled by its employees. The US Transportation Department has voiced its con-

cern about highly-leveraged bids for airlines aftar the \$3.6bn buy-out of Northwest Airlines earlier this year and the Bush Administration has indicated that it may take a harder line against leveraged buy-outs of airlines. The Government is likely to

look closely at the consortium proposal on the grounds of the size of leverage, the slice of foreign ownership and the use

of an Esop.

Despite discomfort with some uses of Esops, US analysts felt that, given a choice between the hostile bid by Mr Marvin Davis, the California investor, and a buy-out favoured by the current management and including employ-ees in the new ownership, the Government would tend to pre-

fer the latter. Since the early 1970s Esops have been the darling of Con-gress, which saw them as a tool of "people's capitalism" and "workplace democracy" which would increase the commitment of employees to their companies and so improve cor-porate performance.

With this in mind, Congress has passed more than a dozen laws since 1974 encouraging companies to adopt schemes that would spread employee share ownership through tax incentives.

However, the increasing popularity of leveraged Esons and the use of plans as a highly effective takeover defence have started turning political sentiment around.

Esops have always attracted ambiguity. To some, they have proved a highly effective way of motivating workforces and

spreading capital ownership. To others, they have evolved into no more than a way of dodging corporate taxation and have even been used by companies as an excuse for cutting other kinds of employee bene-

other kinds of employee bene-fits such as pension plans.

More recently, their proven success as a takeover defence has both encouraged numerous blue-chip companies such as Procter & Gambie, Texaco and General Mills to adopt them and raised the suspicions of

Politicians increasingly argue that the Esop has

typically 1% percentage points below a company'e normal bor-rowing costs.

It is this provision that has helped transform the Esop from a democratic tool to encourage employee ownership into a powerful component of corporate finance and so attracted opprobrium from Capitol Hill, already up in arms about leveraged take-

In June, Representative Dan Rostenkowski, chairman of the powerful House Ways and Means Committee, introduced a bill that would exclude the 50

Since the early 1970s Esops have been the darling of Congress, which has seen them as a tool of 'people's capitalism' . . . but politicians increasingly argue that the Esop has become no more than another weapon in the anti-takeover arsenal

become no more than another weapon in the anti-takeover arsenal, helping entrenched managements to escape tha rigours of a hostile bid which would ensure increased value

for shareholders. An Esop borrows from a qualified lender such as a bank or insurance company, the debt being secured by the par-ent company, and the proceeds of the loan are then used to buy the company's stock. The shares are put in a trust which secures the loan.

The Esop then repays the loan with the employer's annual contributions to the plan. As the employer is released from securing the loan, shares are allocated to

An Esop, ultimately an employee benefit plan, has the immediate effect of giving the employer an infusion of capital. In effect, a company places a portion of its stock in friendly hands and at the same time enjoys the advantage of borrowing at a cheaper rate

than normal.

The most significant tax break, now under fire from Congress, is that commercial hanks and other corporate lenders can exclude from tax 50 per cent of the interest earned when an Esop borrows to buy stock from an employer. The employer, in turn, can borrow funds at a rate which is

per cent tax break for lenders and was intended to crack down on corporations that the Committee argues are adopting Esops purely to attract tax advantages without necessarily providing increased benefits

for their employees.

Esops have evolved a great deal since their inception. The first Esop was in 1957 when Mr Louis Kelso, a San Francisco attorney now in his 70s and acknowledged inventor of the technique, helped employees to buy out the owner of their California newspaper.

from a newspaper.
Until recently, Esops had
grown at a fairly steady rate of
around 800 new plans a year,
or another lin employees. This growth can be traced to the combination of tax incentives and the proven success of companies such as Avia, the car rental firm, which was bought by its employees through a \$1.75bn Esop in 1987. Its pre-tax profits have increased from \$14.8m in 1987 to \$41m in the year ending February 28, 1988. At the same time, constoner complaints have dropped sharply.

sharply.

However, Esop borrowing has exploded in the last six months or so. In 1988, companies borrowed a record \$6.5hn to fund Esops. This May, the Esop loan business stood at an annualised \$18bn. According to Mr Corey Rosen, director of the National Centre for Employee Ownership in Oakland, California, public company Esop borrowings in the first quarter of this year exceeded total Esop borrowings over the last

15 years. This phenomenon can be traced to the successful

defence by Polaroid against a hostile takeover bid by Shamrock Holdings.

Polaroid expanded its Esop last July to give its employees a 14 per cent stake, expressly to fend off the Shamrock bid. Shamrock appealed but failed to convince a Delaware judge of its argument that employees of its argument that employees tended to vote with the existing manager. Shamrock con-ceded defeat shortly after that

decision. After that decision, Procter & Gamble set up a \$1bn Esop, among numerous plans adopted as an addition to companies' anti-takeover arsenals. A study by Analysis Group, a Massachussetts consultant, gives some support to the argument that defensive Esops are bad for shareholders. Of 21 companies creating or expand-ing Esops since the Polaroid decision in January, the stock prices of 11 declined in the two days after the adoption of the plan was announced.

The possibility of legislation in Congress stripping compa-nies and lenders of some of the most important tax hreaks could dampen the current stampede into Esops, but their usefulness as a defence against hostile takeover will remain.

| Сотпрану . | 1987 sales (Sm) | Employees | 1/4 | held by Eso; |
|------------------|-----------------|-----------|------|--------------|
| Time inc | 4193.5 | 20,000 | . 5 | |
| J.C.Penney | 15332.0 | 181,000 | 20 | |
| Lockheed | 11370.0 | 99,300 | 17 | |
| Tribune Co. | 2180.0 | 14,000 | 10 | |
| Procter & Gamble | 17000.0 | 73,200 | 20 | |
| Federal Mogut | -1,875.A | 74,393 | . 12 | |
| Polaroid | 1763.9 | 13,662 | 14 | |
| PPG Industries | 5182,6 | 36,800 | . 20 | |
| ITT | 8551.0 | 120,000 | 11 | |

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INTERNATIONAL COMPANIES AND FINANCE

TNT rises to record A\$226.6m net

By Chris Sherwell in Sydney

TNT, THE Australian-based international transport group, yesterday reported a modest 11.5 per cent rise in after-tax operating profits for the year to June, and depended on a lower tax charge to do it. It showed a record net profit

of A\$225.6m (US\$171.9m), compared with A\$202.3m a year earlier, on sales of A\$4.13bn, up just 3.8 per cent.

But at the pre-tax level, oper-ating profits were actually weaker, falling to A\$276m from

On an equity accounted basis, which includes the results of the half-owned Ansett airline and aircraft leasing group, after-tax profit was A\$221.5m, up 7.2 per cent from the previous year's A\$206.5m.

The group said a higher Australian dollar "resulted in group revenue and profit figures which do not reflect the real net gains in local currenties." cies over the previous year's operating results."

In particular it pointed to

strong trading performances in Australia, the UK, Brazil, Italy and the US trucking divisions. European operations, which TNT describes as its biggest single opportunity for growth in the 1990s, were said to have made a positive contribution to the results while absorbing the heavy costs associated with development of the group's overnight air express

TNT now has a total of eleven BAe 146 Quiet Trader

aircraft in operation, and services into Hungary have

begun. In Australasia, the group said it had benefited from Australia's buoyant economy and was in a strong position to meet any downturn.

New Zealand operations, after a difficult period, were now operating profitably. But analysts said the results did not match the gains seen by Mayne Nickless, another transport group, or the improvement aspected from Brambles, with which TNT is

also compared.

They also pointed to a misconceived move on Poseidon, the resources group, and the troubles of Ansett, which has Airlines and suffered from

Ansett is half-owned with Mr Rupert Murdoch's News Corporation, and like its govern-ment-owned counterpart has its fleet grounded as a result of a pay dispute with domestic

Yesterday TNT acknowledged that the dispute would affect the profitability of all Australian aviation interests in

The dividend for the year of Lo ceuts per share, ou capital increased by last November's one-for-five scrip issue, was partially franked to 15 per cent for local tax purposes and represented a payout of A\$76m compared with A\$63m the pre-

Cyclone claims deepen FAI fall

PROFFIS HAVE been slashed by almost two thirds at FAI Insurances, the Australian gen-eral insurance group formerly run by the late Mr Larry Adler and now headed by his son, Mr Rodney Adler.

The reversal left the group with net profits of A\$60.04m (US\$45.74m) for the year to June, down ffrom A\$171m. Sales rose to A\$632m from A\$492m, but other revenues weakened to A\$1.57bu from A\$1.75bp.

Although earnings per share were down to 27.1 cents from 77.3 cents, directors declared a final dividend of 4 cents, making a total of 14 cents for the

In a statement, Mr Adler "financing." Premium income add the results were "accept net of reinsurance had reached and the results were "accept-able" in a year which saw high interest rates, a falling Austra-lian stock market and cyclones on the country's east coast. Investment write offs "were

of a once off nature and do not affect the fabric of the com-pany's earnings profile," he

On the change in strategy under his leadership, he said the rationalisation of FAI's investment portfolio and peripheral assets would con-tinue "until the company is back to concentrating on its basic four areas of specialisa-tion, those of insurance (gen-eral and life), stockbroking, financial advice and general

a record A\$539m from A\$486m. Another A\$97m was collected through workers' compensation premiums.
In the current year an addi-

tional A\$70m would come from its new role as an underwriter of compulsory third party

motor policies.

Total provisions for outstanding claims stand at A\$938m. The group also achieved an underwriting profit of A\$455m. Mr Adler said the group remained "extremely liquid," and held cash and bank hills exceeding A\$400m. FAI had also fully hedged its Swiss

Surging demand boosts Boral

BORAL, THE building materials group which is one of Australia's largest companies, yesterday announced its fifth scrip issue in shr years after reporting a record operating profit of A\$301m (US\$228m) for the year to June, up 44.3

Surging domestic demand and A\$500m worth of acquisi-tions lifted sales by 31 per cent to A\$3.67bu, making it the group's 19th successive increase in revenue and earnings. Earnings per share were 42.2 Australian cents, up from 32.3 cents the previous year after allowing for last years.

raise R300m

ers a year ago. . .

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Floating Rate Notes Due 1998

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Interest Period: September 1989 to

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through rights

The figures showed that Australia continued to dominate the group's performance, in spite of its expansion to the

US and Europe and, to a lesser extent. Asia. More than A\$3bn of the total sales; or 83 per cent, were generated at home, as were A\$521m of the group's A\$584m profits before interest and tax.

Among the group's domestic operations, A\$1.1bn of sales, or about one third, came from the

pay-out to 25 cents including a four cent special dividend made in June, which compared day he was confident it could weather an economic down-turn in Australia because, with 19.5 cents the previous although the housing sector had already slowed, the group had an 18-month order book for

construction materials, Profits from North America slithered 31 per cent to A\$36m, reflecting a highly competitive brick market and lower housing starts. The group acknowledged the result was "disap-pointing." European operations, principally in the UK and the Netherlands,

The group said a rise in interest expenses (by 29 per cent to A\$66m) and in degree is tion (by 40 per cent to A\$125m) reflected its expension and higher interest rates. The debt. and rights issues.

Construction materials sector cent to Assem) and in depreciation one-for 10 offering, and will—products contributed another reflected its expension and participate in the final divisional land.

Mr Bruce Kean, the group's to equity ratio, at 53 per cent, terday. This took the total managing director, said yester was improved from 55 per cent.

Lefkochrysos to Platinum and diamond side aids 42% rise at JCI

By Jim Jones in Johannesburg

LEFKOCHRYSOS, a newly established South African platplatinum, diamond, chrome and coal revenues combined to lift the equity accounted earn-ings, of Johanneyburg Consoli-dated Investment (JCD), the (\$106m) through a rights issue to expand its operations by 1992, writes Jim Jones. The issue is scheduled for this year's fourth quarter and the company's name will be South African mining house, by 42 per cent in the year to

The group's pre-tax profit, which simply includes divichanged simultaneously to Barplats Mines. Lefko, which has a mine near the western Transvaal town of Brits, was dends from associates, rose to R405.9m (US\$147m) from the R405.9m (US\$147m) from the previous year's R322.7m. Profits after tax and including the group's share of associates' retained earnings increased to R570.8m from R393.1m.

More than a third of the total aquity accounted earnings came from platinum, largely from the investment in Rusten. acquired by the Rand Mines group from its previous own-

SUBSTANTIALLY higher burg Platinum Mines where revenues grew strongly because of firmer nickel prices. Platinum contributed R199m while diamonds - largely investments in De Beers and its diamond marketing compa-nies - lifted their contribu-

In Johannesburg yesterday Mr Vaughan Bray, a JCI direc-tor, pointed out that earnings from gold had risen to R24.5m from R21.7m in spite of losses by the Western Areas mine. JCI is providing bridging finance to cover the mine's operating losses and has no

JCI's equity accounted net earnings rose to R77.27 a share from R54.34.



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the six months 31st August, 1989 to 28th February, 1990 the Notes will carry an interest rate of 9%% per annum and coupon amount of U.S. \$227.82, payable on 28th February, 1990.

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The Notes will be paid at: Commerzbank Aktiengesellschaft, Frankfurt/Main Commerzbank International S. A., Luxembourg Commerzbank Aktiengesellschaft, London Branch

Toronto, Ontario, Canada, September 1989

Lo Yuk Sui in Hooker Corp offer

MR LO Yuk Sui, a Hong Kong mr to Yuk Su, a Hong Kong property magnate, is propos-ing to take control of Hooker Corporation, a financially troubled Australian property and retail company with US interests, AP-DJ reports from

Mr Lo has outlined a prelimmr 10 has outlined a preim-inary plan to Hooker's hank creditors under which he is prepared to lend the company A\$100m (US\$76m) in working capital through his Richfield International Investments, a Hong Kong property company.

Richfield then would formulate a plan to restructure Hooker and submit it to Hooker's creditors by the end of November.

As part of that proposal, Richfield would acquire shares in Hooker and get options that eventually would give it at least 65 per cent of the company.

In a proposal sent to banks Richfield said its restructuring plan would provide for the orderly sale of some Hooker assets and for rescheduling of principal and interest that Hooker owes.

Richfield said it had experience in corporate rescues. Mr Lo heads several Hong Kong companies, including Regal Hotels, Paliburg Investments, and Century City Holdings.

Early this year Mr Lo's com panies acquired control of Aircoa, a US hotel concern, injecting funds and selling some assets in an attempt to revive Aircoa, Which changed its name to Regal-Aircoa.

Richfield said it wanted to acquire Hooker "as a going concern in order to preserve asset values in Australia and Hooker assets will be sold pre-maturely and at unfavourable

Wardley James Capel Corporate Finance, a unit of Hong-kong and Shanghai Banking Corporation, is advising Mr Lo on the proposed transaction. Mr William Beerworth, man-aging director of Wardley James Capel in Australia, said yesterday the initial response from banks was "very encour-aging." He hoped to have a firm response by early next

Hooker shareholders, other creditors and courts also would have to approve the idea.

Richfield expects Hooker to provide security for the A\$100m loan. Some banks in July refused to lend Hooker more funds because they were not satisfied there was security to back additional loans. But Mr Beerworth said Rich-field believed there were suffi-cient assets that were not already pledged to other credi-

Hooker ran into financial problems earlier this year. In late July a group of its credi-tor banks abandoned a plan to keep the company afloat. They forced Hooker, which owes about A\$1.6bm, to turn itself over to a court-appointed provisional liquidator from Peat Marwick Hungerfords, the accounting firm.

L.J. Hooker, the company's US subsidiary, subsequently filed for Chapter 11 bankruptcy protection. Included in the filings were Bouwit Teller and B. Altman, Hooker's largest retail chains.

According to § 3 of the Terms and Conditions of the issue all Notes will be redsermed at par on October 31, 1989.

The Notes shall cease to bear interest as per October 30, 1989. The coupon as per October 31, 1989 will be paid separately.

Ford Credit Canada Limited

August, 1989

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> Crédit Agricole Crédit Lyonnais

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Mitsubishi Finance International Limited Nippon Credit International Limited Salomon Brothers International Limited

> Swiss Bank Corporation S.G. Warburg Securities

Yasuda Trust Europe Limited

Net profit for the first six months of 1989 amounted to Dfi 166.1m, 23% higher than the same

Despite the increase in share capital, earnings per share were up 11.5% at Dfl 2.71.

Total income grew by 15.5% to Dfl 4.9bn.

At 30 June shareholder funds amounted to Dfl 3.5bn, Dfl 700m more than at the end of 1988.

 Barring unforeseen circumstances and exchange rate fluctuations profit and earnings per share for the full year are expected to show a similar rate of increase to the first half.

(£1 = approx. Dfl 3.50)

Copies of the Half Year Report can be obtained from: AMEV (UK) Limited, 1 Houndwell Place, Southampton SO9 INY, Telephone: 0703 635111

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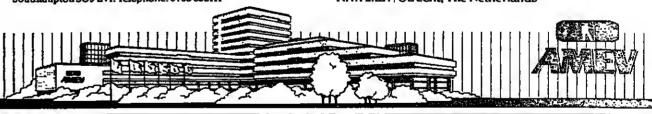
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For the interest period 31st August, 1989 to 30th Novembet, 1989 the Notes will carry an interest rate of 8.45% per annum with a coupon amount of U.S. \$213.60 per U.S. \$10,000 Note, payable on 30th November, 1989.

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Floating Rate Notes due 2006

For the three months 31st August, 1989 to 30th November, 1989 the Notes will carry an interest rate of 9%% per annum with an interest amount of U.S. \$229.08 per U.S. \$10,000 Note and U.S. \$2,290.80 per U.S. \$100,000 Note payable on 30th November, 1989.

Bankers Irus. Company, London Bankers Trust

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Credit Commercial de France

U.S. \$250,000,000

Floating Rate Notes due 1994

For the six months 31st August, 1989 to 28th February, 1990 the

Notes will carry an interest rate of 9.04% per annum with a coupon amount of U.S. \$454.51 per U.S. \$10,000 Note. The relevant interest payment date will be 28th February, 1990.

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Class A-1 Bonds Due 1st June, 2017

By: Bankers Trust Company, as Trustee.

22

Johannesburg Consolidated Investment Company, Limited Incorporated in the Republic of South Africa - Reg. No. 01/00429/06)

Highlights from the Consolidated Financial Statements For the Year Ended 30 June 1989 (Unaudited)

| | 1989 Rm | 1988 Rm |
|--|------------|------------|
| Profit before taxation | 405,9 | 322,7 |
| Attributable Earnings | 363,4 | 287,0 |
| Share of retained earnings of associated companies | 206,3 | 113,7 |
| Equity accounted earnings | 569,7 | 400,7 |
| Ordinary Dividends | 162,2 | 129,0 |
| Earnings per share | | |

4 929 cents

7 727 cents

3 892 cents

5 434 cents

The annual report and Chairman's review will be posted to members on or about

A Final Dividend (No. 127) of 1 500 cents per share has been declared payable to share-holders registered on 29 September 1989. Date of payment will be 23 October 1989. (Currency conversion date 9 October 1989.)

Holders of share was saids to bear is the all attend to the terms of a notice to be published on or about 10 October 1989.

- Attributable earnings

Equity accounted earnings

The full text of the financial statements will be posted to shareholders and copies can be obtained from the London Secretaries, Barnato Brothers Limited, 99 Bishopsge London EC2M 3XE.

This announcement appears as a matter of record only.

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INTERNATIONAL COMPANIES AND FINANCE

Melco spurns feudalism for globalisation

Ian Rodger on Mitsubishi's progress under the guidance of its president Moriya Shiki

nyone seeking to cap-ture the mood of Japa-oese industry could do worse than talk to the leaders of Mitsubishi Electric (Melco), shares in which will begin trading oo the International Stock Exchange in London this

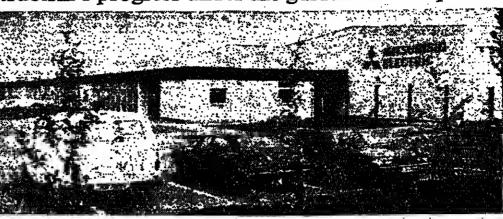
morning.
The sprawling, diversified Melco has the merit of being involved with some of the most glorious elements of Japanese industry — advanced consumer, industrial and military electronics – and some of the most dreary, such as heavy electrical machinery. Ac Japan's top producer of defence electronics and one of the big semiconductor make

it has been in the thick of recent trade disputes with the US; and as a builder of nuclear reactors, it is, for the first time, feeling the sting of dissent at

The man presiding over this cooglomerate is Mr Moriya Shiki, an engineer who joined Melco in 1947 but who still exudes the enthusiasm of a recruit. Mr Shiki is credited with carrying out something of a revolution at Melco since becoming president in 1985. Uotil theo, the group was noted for its near-fendalistic behaviour, clinging to its old Mitsubishi *zaibatsu* contacts to win sales rather than being deferent to customers.

Melco then was conspicnously the least successful of the three mighty Japanese electrical groups. Hitachi's Y244bn (\$1.7bn) in consolidated pre-tax profits in the year to March 1987 was more than six times larger than Melco's Y38.7bn, while Toshiba's Y78bn was double that of Melco.

Mr Shiki has directed the group to concentrate on higher value-added products, espe-cially in the information and communications industries; on increased importing of low-cost components for Japanese factories; and on the development of an overseas network of production centres. "Our greatest global marketing challenge is



Melco's VCR plant in Scotland, where it plans further expansion

to complete the construction of an efficient international man-ufacturing and sales network," he wrote in the group's annual

report last year.

Melco now has four plants in
the US making televisions,
automotive parts and semiconductors, two factories in Scotland making televisions and video cassette recorders and other plants in Canada and Singapore. It has joint ventures making compressors for air conditioners in Thailand and for making light bulbs in

It has just announced plaus to invest £8.7m (\$13.7m) in an expansion of the Scottish VCR plant and is about to begin production of mobile telephones in France. A semiconductor plant in Europe is under study.

The results of this effort are beginning to show through. According to Mr Shiki, exports have declined from 29 per cent of sales in 1984 to 21 per cent last year, but overseas sales last year, but overseas sales have been rising rapidly. On the zaibatsu front, sales to Miteubishi group companies accounted for only 8.5 per cent of turnover last year and purchases from other group companies amounted to 5.7 per cent of total nurchases. Also cent of total purchases. Also, by last year Melco had closed the profit gap a bit, achieving

Y131.6bn in pre-tax profits, against Hitachi's Y484.3bn and Toshiba'e Y234.8bn.

In an interview at the gronp's offices in Tokyo's Marunouchi district, Mr Shiki talked about the group's prob-

lems and prosper

He was particularly pleased with the group's progress over-seas. Building a chip plant in North Carolina was a huge effort and the television and VCR plants in Scotland had come along rapidly.

He was less pleased about trade relations with the US. Melco was hoping that the signing last year of a US-Japan agreement on technology exchanges in the defence area would open the way for new sales growth. Until now, it has been able to sell its defence electronic products only in Japan because of a Japanese government prohibition on exports of military equipment. But in the wake of the recent row with the US over develop-ment of Japan'e new FSX fighter aircraft, Mr Shiki has become pessimistic. "Although we want to make sophisticated

products, will the US want us to do so?" he asked. Mr Shiki seemed unwilling to give any ground on the current US complaints about the difficulty foreign producers

have getting their goods into Japanese distribution systems. The US is particularly upset about the distribution of consumer electrical goods because most sales are made in high-street shops affiliated with one of the big domestic manufac-turers, including Melco.

"Less than 40 per cent of our sales go through these shops, and it is declining. The young people do not want to take them over from their parents. I think it would be counterprodnctive to put pressure on them to disappear. I do not have any intention of refusing foreign products, but if the public does not demand them, then these shops cannot sell them. The big, independent stores can take on imports, but not the

small family shops. He was also unimpressed by the US application of section 301 of last year's trade act to attack the Japanese Govern-ment's alleged preference pur-chasing of domestically pro-

duced satellites.
"In terms of technology, we are approaching the top isvel.
Our point is that users have various needs and producers have to meet them. If we have to import, that might constrain our Government's ability to meet its needs. It would also put a cap on technological

development.*
The emergence of a strong anti-nuclear power movements in Japan in the past two years has also taken him by surprise. "The opposition movement is backed up by women's power. It is emotional and does not understand logic. It is a very difficult situation. Aside from nnclear, there are no other large sources of energy. We have no alternative but to explain this patiently. This is a new situation, especially for private-sector companies. On the other hand, he is totally committed to the cam-paign to eliminate chlorofinorocarbons. Melco relies heavily on freen both in the manufacture of refrigerators and as a cleaning agent in the production of semiconductors. Fortunately, our company had been investigating new ways of washing chips and we have recently announced a new method using ice parti-cles. We intend to use it for our own manufacturing and others are asking us for the rights to use it. As for substitutes for freen in refrigerators, the prob-lem is cost. For chips, we can fully substitute by 1991. As for

our total usage, we can halve our dependence by 1993 and be mid of it by 1995.

Melco is expecting another year of strong profit growth, although not at the spectacular levels of the past two years. One reason is that semiconductor prices have come off the boil as production capacity has grown However, Mr Shiki was optimistic that the cyclical excesses of the past would not.

"Four years ago, we suffered tremendously because of excessive competition. All manufacturers now are very cautious. Our view is that we should produce to match demand in the market. Instead, we are preparing for making new chips. I believe other top man-ufacturers are thinking in the same way, so we should be able to avoid the problems of

Sime Darby raises profits by 65% to 339m ringgit

By Lim Siong Hoon in Kuala Lumpur

SIME DARBY, Malaysia's largest listed company, has announced an all-round improvement in its businesses for the year ended June, with a 25 per cent increase in turnover to 4.2bn ringgit (\$1.6bn). After tax profit rose 65 per cent

to 339.4m ringgit.

Palm oil and rubber, which fetched better prices, boosted the group's plantation division pre-tax profit by 39 per cent to 131m ringgit. But as a share of the group's overall pre-tax profit of 505.3m ringgit (against 308.3m ringgit in 1988), planta-tion's contribution fell to 26 per cent from 30 per cent. How-ever, it remained the group's

biggest business.
Within the group, investment and interest income showed the biggest rise, to 72.3m ringgit from 31.1m ringgit. Sime Darby said this was largely because of the dividend from its 7.4 per cent stake in

Harrisons and Crosfield, acquired in June 1988. Tractors Malaysia, a Sime subsidiary handling heavy

equipment and vehicles, was another big contributor. Profit-ability there leapt 76 per cent

Of Sime's overseas operations, Hong Kong, at 80.4m ringgit against 60.1m ringgit, brought in the biggest amount - trading there is also mainly in vehicles and heavy

Singapore contributed 50.4m ringgit against 29.2m ringgit last time; the Philippines 13m ringgit compared with 16.2m ringgit; and Australia 4m ring-git against 2.4m ringgit. The lower profit in the Phi-

lippines was attributed to a strike at its tyre factory. The group's profit attribut-able to shareholders was 270.8m ringgit, up 78 per cent, while earnings per share were 21.6 cents compared with 14.5 cents last time. A final gross dividend of 12 cents, up from 10 cents, makes 17 cents for the

year against 14 cents. The group is also proposing a bonus issue of one share for

Domestic demand boosts Sekisui

SEKISUI HOUSE, Japan's top prefabricated housebuilder, lifted unconsolidated pre-tax profits in the first half to July by 25.5 per cent to Y33.5bn (\$231m) due to vigorous domes-tic demand, AP-DJ reports

from Tokyo.
Sales grew 14.5 per cent to
Y408.8bn. Net earnings were Y31.70 per share, up from Y24.51

Company officials traced the sales and earnings gains to robust demand for new hous-ing in Japan amid the sus-tained economic expansion. Though housing starts in the first half slipped below the year earlier levels, they remained strong.

As the economy continues to expand, Sekisui House expects to do much better in the full year. It sees pre-tax earnings climbing to about Y70bn from Y54.84bn and net profits rising to Y33bn from Y24.02bn

We are pleased to announce that NIGEL B. CHRISTIE has been appointed Managing Director Head of European Mergers & Acquisitions

Kidder, Peabody International Limited 107 Cheapside London EC2V 6DD, England

Kidder, Peabody

New Issue, September 5, 1989

BASF Finance Europe N.V. Arnhem. The Netherlands

U. S. \$ 300,000,000 8% Bonds due 1996

unconditionally and irrevocably guaranteed by BASF Aktiengesellschaft Ludwigshafen am Rhein, Federal Republic of Germany

Deutsche Bank Capital Markets

Credit Suisse First Boston

Morgan Stanley International

Nomura International

Dresdner Bank

UBS Phillips & Drew Securities Limited

Société Générale

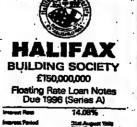
BfG Finance Company B.V. U.S. \$100,000,000 FLOATING RATE NOTES DUE 1996

In accordance with the provisions of the Notes, nodee is hereby given that for the Interest Period 6th September, 1989 to 6th December, 1989 the Notes will bear interest at the rate of 9 1/8% per annum.

The Coupon amount per U.S. \$10.000 Note will be U.S. \$230.666.

The Interest Payment Date will be 6th December, 1989.

Samuel Montagen & Co. Limited.



Stat August 1989



EAST RIVER SAVINGS BANK **East River Savings Bank**

U.S. \$100,000,000 Collateralized Floating Rate Notes due August 1993

For the three months 31st August, 1989 to 30th November, 1989 the Notes will carry an interest rate of 9.05% per annum with an interest amount of U.S. \$2,287.64 per U.S. \$100,000 Note, payable on 30th November, 1989.

First Chicago Overseas Finance N.V. U.S. \$100,000,000

Guaranteed Floating Rate Subordinated Notes due 1994 For the three months 31st August, 1989 to 30th November, 1989 the Notes will carry an interest rate of 9%% per annum with a coupon amount of U.S. \$232.24. The relevant interest payment date will be

30th November, 1989.

Bankers Trust Company, London

National Australia W. Bank

National Australia Bank Limited U.S. \$50,000,000

Floating Rate/High Initial Spread Notes due 1993 For the six months 31st August, 1989 to 28th February, 1990 the

Notes will carry an interest rate of 121/9% per annum with an interest amount of U.S. \$628.47 per U.S. \$10,000 Note.

Bankers Trust Company, London

Agent B

Agent Ban

Commerzbank Bankers Trust Bankers I. Co. Company, London Agent Ban

INTERNATIONAL CAPITAL MARKETS

W German savings banks back plan for central unit

many's cumbersome public-sector banking system has moved one step closer with the deci-sion by the German Savings Bank Association to accept the findings of a report on struc-tural change commissioned from McKinsey, the international management consul-

The report, accepted almost nnanimonsly, recommends that the country's 584 savings banks and 11 Landesbanken (state hanks), which conduct. wholesale banking business for the savings banks, establish one central wholesale banking institution to help them remain competitive after the mauguration of a free internal market in Europe after 1992.

The new institution, if it comes about, will be formed from the Landesbanken and Deutsche Girozentrale – Deutsche Kommunalbank (DGZ), the small Frankfurt-based wholesale bank which is

THE long-awalted jointly owned by the Landes-rationalisation of West Ger-banken and regional savings banken and regional savings bank associations. According to early indications, the DGZ could play a central role in the new unit.

Soundings on the recommendations will now be taken around the country, with a final decision due when the Savings Bank Association and DGZ hold their general meet-ings on December 14. The savings banks have also

accepted another of the report's suggestions that they should work more closely with other European savings banks to prevent their customers drifting away to Germany's private-sector financial institutions, which tend to be better represented abroad.

However, while acceptance of the report indicates a greater recognition among Germany's savings banks on the need for change, there is still considerable doubt as to whether its findings will be

Opposition is likely to be voiced by both state govern-ments and senior management at many Landesbanken, which will be most affected by the report's conclusions. So far, only two Landesbanken do not have their state government as a large shareholder. Elsewhere, state governments own at least half the shares, and many will be reluctant to give up their stakes, especially as Landesbanken often have an additional function as a channel for

regional investment policy. Meanwhile, senior manage ment at some Landesbanken notably the two biggest, West deutsche Landesbank and Bayerische Landesbank, hased in tively, may be distinctly luke warm about the new proposals Both banks have invested heavily in expanding their ser-vices and becoming more competitive, and may well be reluc-tant to see their efforts diluted

in a new, probably Frankfurt-

ASC chief defuses location row

By Chris Sherwell in Sydney

Securities Commission (ASC), the country's new stock mar-ket watchdog, has scuttled a dispute between Sydney and . He intended to have his own-Melbourne over the agency's office in Sydney, "but I cannot location by deciding to work and will not seek to bind my out of Sydney but ruling out a successor

formal headquarters.
Mr Tony Hartnell, the ASC's chairman, said he had told-both the Victorian and New: South Wales Governments that the philosophy of decentralisa-tion and the reality of Australian business required a hig presence in both cities.

He told a Sydney seminar.

that the agency needed a struc-ture which allowed its chairman to come from or reside in either Melbourne or Sydney.

He said it was: "Imperative that the other full-time mem-bers of the ASC [a minimum of three persons] be distributed as evenly as possible between Sydney and Melbourne."

His comments mean that he has turned down an offer from the Victorian Government to establish the ASC's headquar-

ters in Melbourne in return for the full facilities of the state's Corporate Affairs Commission. Under the new system, which is due to come into effect next July, the ASC will replace the existing National Companies and Securities Commission (NCSC) and the state-level Corporate Affairs Commissions

Four Anstralian states including New South Wales are challenging the plan in the High Court. The states are questioning the federal Government's power to legislate in

FT INTERNATIONAL BOND SERVICE

Listed are the latest US DOLLAR 30 30 30 30 50 50 20 20 Canadian Pac 104 93. CCCE94 95. CCCA94 93. | Change my | Chan 100 100 200 100 75 100 150 100 150 100 60

FLOATING RATE

| Spring | S | CSNVERTEBLE | Care |

* No information available previous day's price † Only one market maker supplied a price

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in militous of carrency units except for Yen bonds where it is in bidions. Change on week = Change over price a week earlier.
Floating Rate Notes: Denominated in dollars unless otherwise (ad-crited, Coupon shown is minimum. Cafes – Date aest coupon becomes effective. Spread – Margin above six-month offered rate (street-month; Spread – Margin for US dollars. Capin – The current

coupus.

Convertible Bonds: Denominated in dollars onless otherwise indicated.

Chg. day = Change on day. Cmr date = First date of conversion into shares. Cnv. price = Nominal amount of bond per sture expressed recurrency of share at conversion rate fixed at Issue. Prem = Percentage premium of the currence frective price of acquiring shares via the bond over the most recent price of the shares.

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FT GUIDE TO WORLD CURRENCIES

r 4,1989 . In some cases the rate is nominal. Market rates are the average of buying and sel calculated from those of foreign currencies to which they are tied. US 5

| | | | | | | | | | | | _ | | | | | | |
|--------------------------------------|------------------------------|-------------------------|---|--|-------------------------------|-----------------------------|-----------------------------------|------------------------------|--|--------------------------------|-------------------------------|---|------------------------------|---------------------|---|---------------------------------------|-------------------------------|
| Afghanistan Albania | (Lek) | 99.25 9.7912 | 63 8674 6.3006 | 32.2764 3.1841 3.8707 | 43.7706 4.3180 | Grenada (D: | enish Krone) (E Carr \$) | 11.92 4.19445 10.37 | 7 6705 2.6 990 | 3.8764 1.3640 | 5 2568 1.8497 | Peru | UntD | 5667. <u>97</u> | 3647.3425 | 1843.2422 | |
| Algeria | · (Oiner) | 11.90276 | 7.6593 | | 5.2492 | Guadaloupe Guam | (Local Fr) (US S) | 10.37 | 6.6731 | 3.3723 0.5053 | 4.5733 0 6853 | Philippines | | 32.50 | 20.9137 | 10.5691 | 14.3329 |
| Andorra | (FFFF) | 10.3700 191.90 | 6.6731 123.4877 | 3.3723 62,4065 | 4.5733 84.6306 | Guatemala | (Quetzal) | | 2.8518 | 1.4412 | 1.9544 | Pitcaint IS (| £ Steri(ng) (NZ <u>5)</u> | 1.00 2.6255 | 0.6435 1.6895 | 0.3252 0.8538 | 0.4410 1.1578 |
| Asgola Antigua | (Kwanza) (E Carr S) | 47.786 4.19445 | 30.7503 2,6990 | 15.5401 1.3640 330.0747 | 21 0743 1,8497 | Gninea | /E-\ | 44.4 DE | 200 0024 | 161 6400 | 205 5247 | Poland , | (Zloty) (Escudo) | 1726 | 1110.6821 165.2509 | 561,3008 83,5121 | 761.1907 113 2524 |
| Argentina | (Austral) | 1014 98 | 053,1402 | 330.0747 | 447.6207 | Grinea-8issa | 변 (Peso) | 466.05 1009.775 | 299.9034 649.7908 | 151.5609 328.3821 | 205.5347 445.3252 | Portuga(Puerto Rico | (US \$) | 1.5540 | 1 | 0.5053 | 0.6853 |
| Areba Australia | (Auc S) | 2.78077 2.0388 | 1.7893 1.3119 | 0.9642 0.6630 | 1.2263 0.8991 9.5413 | , , | (Guyanese \$) | | 30.0096 | 15.1658 | 20.5667 | Oatar | (Riyal) | 5.6471 | 3.6339 | 1.8364 | 2.4904 |
| Anstria Azores | (Schilling) (Port Escudo) | 21 635 256 80 | 13,9221 165,2509 | 7.0357 83.5121 | 9.5413 113.2524 | HaiU Honduras | (Lempira) | 7.7675 3.11 | 4.9983 2.0012 | 2.5260 1.0113 3.9479 | 3.4255 1.3715 | Repaion ts. de l | a (F/Fr) | 10.37 | 6.6731 | 3.3723 | 4.5733 |
| Bahamas | (Bahama S) | 1.5540 | 1 | 0.5053 | | Hong Kong Hungary | THK SI (Forint) | 12.1398 | 7.8119 61.6656 | 3.9479 31.1637 | 5.3538 42.2616 | Romania | (Leu) | 14,781 127,706 | 9.5109 82.1788 | 4.8055 41.5304 | 4.5733 6.5181 56.3201 |
| Bahraid | (Olnar) | 0.5845 191.90 | 0.3761 | 0.1900 | 0.6853 0.2577 | | | | | - | | Rwanda | • | | 2.6990 | | 1.8497 |
| Balearic is Bangladesh | (Sp Peteta) (Taka) | 48.40 | 123,4877 31,1454 | 0.1900 62.4065 15.7398 | 84.6306 21.3450 | iceland (Icela India (Ir | rdian Rupee) | 25.60 | 61 6795 16 4736 | 31.1707 8.3252 | 42.2712 11.2899 | St Christopher St Helena | (E) | 1.00 | 0.6435 | 1 3640 0.3252 1.3640 3.3723 | 0.4410 1.8497 |
| Barbados | (Bart 5) | | 2.0106 | 1.0161 | 1.3779 | indonesia iran | rRuplah) rRiai) | 2787.485 116.30 | 1793.7483 | 906.4991 37.8211 | 1229,3208 51,2899 | St Lucia | (E Carr S) French Fr) | | 0.6435 2.6990 6.6731 2.6990 | 1.3640 3.3723 | 1.8497 4.5733 1.8497 |
| Belgium | (Belg Fr) | 64.25c 64.35g | 41.3449 41.4092 | 20.8943 20.9268 | 28.3351 28.3792 | traq (rish Rep | (Iraqi Olnar) (Punt) | 0.4843 1.1510 | 0.3116 | 0.1574 0.3743 | 0.2135 0.5076 | St Vincent San Marino Ot | (E Carr \$) | 4.19445 | 2.6990 1416.9884 | 1.3640 716.0975 | 1.8497 971.1135 |
| Belize . | (8 \$) (CFA Fr) | 3.107 518.5 | 1.9993 333.6550 | 1,0104 168,6178 | 1.3702 228.6659 | Israel | (Shekel) | 3.115 | 74.8391 0.3116 0.7406 2.0045 | 1.0130 716.0975 | 1.3737 971.1135 | Sao Tome | (Dobra) | 167.042 | 107.4916 | 54.3226 1.6874 | 73.6679 2.2884 |
| | Bernndlan S) | 1.5540 | 1 | 0.5053 | 0.6853 | Italy Ivory Coast | (Lira) (CFA Fr) | 2202.00 518.5 | 1416.9884 333.6550 | 716.0975 168.6178 | 228.66 5 9 | Saud) Arabia Seregal | (Riyal) (CFA Fr) | 518.5 | 3.3391 333.6550 | 140 4178 | 228.6659 |
| Bhutaz Bolivla | (Niguitram) (Boliviano) | 25.60 4.2954 | 16.4736 2.7640 2.0656 | 8.3252 1.3968 1.0439 | 11.2899 1.8943 1.4156 | Jameica (| Jamakan \$) | | 5.4517 | 2.7551 | 3.7362 | Seregal Seycholies Sierra Legge | (Rupee) | | 5.7207 63,2561 1.9732 | 2 8910 31.9674 0.9972 1.2082 | 3.9206 43.3517 |
| Botswana Brazil | (Pula) | 3. <u>21</u> 4.3478 | 2.0656 2.7978 | 1.4139 | 1.9174 | Japan Jordan (Jorda | (Yen) (Sanian Onaina | 226.75 | 145.9137 0.6487 | 73.7398 0.3278 | 100 0.4445 | Sierra Leone Singapore Solomon is | (\$) | | 2.3909 | 0.9972 1.2082 | 1.6385 |
| British Virgi Brunei | n Ls (US\$) . (Brunei\$) | 1.5540 3.0665 | 1 1.9732 | 0.5053 0.9972 | 0.6853 | Kampuchea | (Riet) | 155.40 | 100 | 50.5365 | 68.5336 | Somali Rep | (Shi(ling) | 636.935 | 409.8680 | 207.1333 | 280.8974 |
| Bulgarta Burkino Fas | (Lev) (CFA Fr) | 1.4344 518 5 | 0.9230 | 0.4664 168.6178 3.5050 | 1.3523 0.6325 228.6659 | Kenya (Ker | nya Shiiling) | 33.30 | 21,4285 | 10.8292 | 14.6857 | South Africa | (Rand) | 4.3330c 6.2813g | 2.7882 4.0420 | 1.4091 2.0426 | 1. 9109 2 7701 |
| Burma | (Kyat) (Burandi Fri | 10.7780 252.7475 | 333.6550 6.9356 162.6431 | 3.5050 82.1943 | 4.7532 111.4652 | Korea North | lustralian \$) (Won) | 1 5069 | 1.3119 0.9 696 670.3474 | 0.6630 0.4900 | 0.8991 0.6645 | Spain | (Peseta) | | 123.4877 | 62.4065 | 84.6306 |
| | | | | | | Korea South Kuwalt (Ku | (Won) (Wall) Ulnar) | 1041.72 0.46550 | 670.3474 0.2995 | 338.7707 0.1513 | 459.4134 0.2052 | Spanish Ports N Africa | (So Peseta) | 191.90 | 123,4877 | 62 4065 19.0243 | 84 6306 |
| Camercon Canada | (CFA Fr) (Canadian S) | 518.5 1.8350 | 333.6550 1.1808 | 168.61 7 8 0.5967 | 228.6659 0.8092 | Lans | (New Kip) | 887.049 | 570.8166 | 288.4712 | 391,2013 | Sr(Lapka Sudan Rep | (Rupee) | 58.50 6.99075 | 37.6447 4.4985 | 2.2733 | 25.7993 3.0829 |
| Canary Is Co. Verde Is | (Sp Peseta) (CV Escudo) | 191.90 119.627 | 123,4877 76,9800 0.8297 | 62,4065 38,9030 | 84.6306 52.7572 | Lebanon Lesotho | (Lebanese £) (Majuti) | 838.89 | 539 8262 2.7882 | 288.4712 272.8097 1.4091 | 369.9625 1.9109 | Surinam Swaziland | (Gulider) (Lilazgeni) | 2 / / / / / | 1.7843 2.7882 | 0.9017 1 4091 | 1.2228 1.9109 |
| Cayman Is Cent_Afr, Re | (CI S) | 1.2894 518.5 | 0.8297 | 0.4193 | 0.5686 228.6659 | i Lib eri a | (Liberian \$) Ibyan Olnari | 1.5540 | 1 | 0.5053 0.1533 | 0.6853 0.2079 | Sweden Switzerland | 1Krona) (Fr) | 10.36 | 4,4985 1,7843 2,7882 6,6666 1,7101 20,9932 | 1 4091 3.3691 0.8642 | 1.9109 4.5689 1.1719 |
| Chad | (CFA Fr) Chilean Peso) | 518.5 413.9255 | 333.6550 | 168.6178 | 228.6659 182.5470 | Liechenstela Luxembourg | (Swiss Fr) | 2.6575 | 0.3034 1.7101 41.3449 | 0 8642 20.8943 | 1.1719 28.3351 | Syria | `Œ | 32.6235 | 20.9932 | 0.8642 10.6092 | 14.3874 |
| China (Re | (Col Peso) | 5.8381 618.19 | 333.6550 333.6550 266.3613 3.7568 397.8056 333.6550 79.1245 | 168.6178 168.6178 134.6099 1.8985 201.0373 | 2.5746 272.6306 | 1 | | | | | 5.5243 | Talwan | (\$) (Shilliag) | 41.45 224.30 | · 26 6731 144 3371 | 13.4796 72.9430 | 18.2800 98.9195 |
| Colombia Comoro Is | (CFAFr) | 518 5 | 333 6550 | 168.6178 | 228.6659 | Macao Madeira (i | (Pataca) Port Escudo) | 12.5265 256.80 2384.75 | 8.0608 165.2509 1534 5881 | 4.0736 83.5121 | 113.2524 1051.7089 | Tanzania Thalland | (Bahli | 40 00 | 25.7400 333.6550 | | 17.6405 |
| Costa Rica | (Colon) | 518.5 122.9595 | 79.1245 | 168.6178 168.6178 39.9868 0.3847 0.2572 | 228.6659 54.2269 0.5217 | Malagasy Rej Malawi | (Kwarba) | 44120 | 2.8391 | 775.5284 1.4347 | 1051.7089 1.9457 1.8504 | Togo Rep Tonga Is | (CFA Fr) (Pa Anga) | 2.0388 | 1 3119 | 168.6178 0 6630 2.1470 | 228.6659 0.8991 |
| Cuba Cypros | (Cutsan Peso) (Cyprus £) | 0.791 | 0.7612 0.509 0 | 0.3847 0.2572 | 0.3488 | Malaysin Moldive is | (Ringgit) !Rufiya) (CFA Fr) | 4.1958 13.0649 | 2 7000 8.4072 | 1.3644 4.2487 | 5.7618 | Trinidad/Toba Tunisia | (Olnar) | 6.602375 1.51255 | 4.2485 0.9732 | | 2.9117 0.6670 |
| Czechosłoval | da (Koruna) | 24.22c | 15.5855 | 7.8764 | 10.6813 | Mali Rep Malta | (CFA Fr) (Maltese £) | 0.5620 | 333.6550 0.3616 | 168.6178 0.1827 | 228 4450 | Turkey Turks & Caicos | 1Line) 18 SD: | 1.5540 | 2242.5289 1 | 1133.2975 0.5053 0.6630 | 1536.8864 0.6853 0.8991 |
| | · | 15.70l 15.70t | 10.1029 10.1029 | 5.1056 5.1056 | 6.9239 6.9239 | Martinique Mauritaala | (Local Fr) (Ougulya) | 10.37 133.756 | 0.3616 6 6731 86.0720 | 0.1827 3.3723 43.4978 | 0 2478 4 5733 58.9883 | Tuvalu (A. | Strallan S | | 1.3119 | | |
| Denmark (De | unish Kroner) | 11.92 274.97 | 7.6705 | 3.8764 | 5.2568 121.2657 | Mauritius (| Maur Rupeei | 24.56 | 15.8043 | 7.9869 | 10.8313 | UAE | w Shilling) Olrham: | 310.743 5.6978 | 199.9633 3.6665 0.6435 | 101.0546 1.8529 0.3252 | 137 0421 2.5128 |
| Djibout(Rep Dominica | (E Carrib 5) | 4.19445 | 176,9433 2.6990 | 89.4211 1.3640 3.2383 | 1.8497 | Mexico (M | exican Pesol | 3983.65a 3897.73d | 2563.4813 2508.1917 | 1295.4959 1267 5544 | 1756.8467 1718.9547 | United Kingdo Valted States | m (US S) | 1.00 | 1 | 0.5053 | 0.4410 0.6853 |
| Dominican F | tep (O Peso) | 9.9579 | 6.4079 | 3.2383 | 4.3915 | Miquelon Mogaço | (Local Fr) | 10.37 10.37 | 6.6731 | 3.3723 3.3723 | 4.5733 4.5733 | Uruguzy USSR | (Peso) (Rouble) | 1014.63 | 652.9150 0.6487 | 329.9609 0.3278 | 0.6853 447.4663 0.4446 |
| Ecuador | (Socre) | 835.810 | 537.8442 | 271.8081 | 368.6041 395.0077 | Mongolia Montserrat | (Tugrik) (E Carr 5) | 5 2128 | 6.6731 3.3544 2.6990 | 3 3723 1.6952 1.3640 | 4.5733 2.2989 1.8497 | Vamustu | (Vatn) | | 119.0476 | 60.1626 | 81.5876 |
| Favot | (Egyptian £) | 895.68a 3.984 | 576,3706 2.5637 | 291,2780 | 1.7570 | Morocco Mozambígue | I Olrham) | 13.36 | 8.5971 763.3462 | 4.3447 385.7691 | 5.8919 523.1488 | Vatican | (Lira) | 2202.00 | 1416.9884 | 716.0975 | 971.1135 |
| Egypt El Salvador Egypt 1 Galo | (Colon) ex (CFAFr) | 3.984 7.775 518.5 | 5 0032 | 1.2956 2.5284 168.6178 | 1.7570 3.4288 228.6659 | Namina | (S A Rand) | | 2.7882 | 1.4091 | 1.9109 | Venezuela | (Bolivar) | 59.09 | 38.0244 | 19.2162 | 26.0595 |
| Ethiopla (El | bioplan Birr) | 3.19145 | 333,6550 2.0536 | 1.0378 | 1.4074 | Nauru Is (4 | Australiaa 51 | 2 0388 | 1 3119 | 0 6630 | 0.8991 | Water | - (Days-) | - 4000 7E | 4498.5521 | 2273.4146 | 3083.0209 |
| Falkland is | (Falk Đ | 1.00 | 0.6435 | 0.3252 3.8764 | 0.4410 | Nepal (Nep Netherlands | (Guilder | 3 465 | 23.9922 2.2297 | 12.1248 1.1268 0.9093 | 16.4427 1.5281 | Vietnam Virgin is-Brita | (Dong) sh (U5 \$1 | 1.5540 | 1 | 0.5053 | 0.6853 |
| Filis | anish Kroper) (Fiji \$) | 11.92 2.3607 | 0.6435 7.6705 1.5191 | 3.8764 0.7677 | 5.2568 1.0411 3.0651 | N'nd AnUlles New Zealand | | 2.7963 2.6255 | 1.7994 | 0.8538 | 1.2332 1.1578 | Virgin 6-U5 | (U5 S) | | T | 0.5053 | 0.6853 |
| Finland France | (Marida) (Fr) | 10.37 | 6.6731 | 0.7677 2.2602 3.3723 | 4.5733 | Nicaragua Niger Rep | (CFA Fr) | 33121.50 | 21313.7069 | 5 10771.2195 | 5 14607.0562 228.6659 | Western Samo | | | 2.3423 | 1.1837 | 1.6052 |
| Fr. Cty/Afric | (Local Fr) | 518.5 10.37 | 333,6550 6,6731 | 168.6178 3.3723 | 228.6659 4.5733 | Nigerla | (Naira) (Nor. Krone) | 11.1428 | 333 6550 7.1703 7.1927 | 3.6236 3.6349 | 4.9141 4.9294 | Yemen Yemen PDR | (R)af) (Dinar) | 15.12 0.53285 | 9.7297 0.3428 | 4.9170 0.1732 | 6.6681 0.2349 |
| Fr. Paci(ic t | (CFP Fr) | | 120,6821 | 60.9886 | 82.7078 | | (Rial Omani) | | 0.3841 | 0.1941 | 0.2632 | Yugoslavia | (Oinar) | | 27320.823 | 5 13807.011 | 18723,9514 |
| Gabon Gambia | (CFA Fr) (DalasU | 518.5 9.554 | 333.6550 6.1480 | 168.6178 3.1069 | 228.6659 4.2134 | | | | | | | Zaire Rep | (Zaire) | 652.68 | 420 | 212.2536 | 287.8412 10.6725 |
| Germany Eas | et (Ostmark) | 3.075 | 1.9787 | 1 | 1.3561 1.3561 | Panama | (Pak. Rupee) (Balboa) | 1,5540 | 20.5920 | 10.4065 0.5053 | 14.1124 0.6853 | Zambia Zimbahwe | (Kwacha) | 24.20 3.4650 | 15 5727 2 2297 | 7.86 99 1.1268 | 1.5281 |
| Germany We Chana | (Cedi) | 3.075 431.3170 | 1.9787 277.5527 | 140.2656 | 190.2169 | Papua New G | | | 0.8717 1263.8095 | 0.4405 638,6861 | 0.5974 866.1345 | } | | | | | |
| Gibraltar Greece | (G(b £) | 1.00 264.40 | 0.6435 170.1415 | 0.3252 85.9837 | 0.4410 116.6041 | Paraguay | (Guaraal) | 1703,96 | 1203.6045 | 030,0001 | 900.1343 | | | | | | |
| | 1.7 | | | | | | | | | _ | | | | | | | |

nknote rate; (c) Commercial rate; (d) Controlled rate; (e) Essential Imports; (4) Financial rate; (h) Exports; (l) Non con xury goods; (m) Market rate; (o) Official rate; (p) preferential rate; (p) convertinte rate; (r) parallel rate; (d) Selling rate some data supplied by Bank of America, Economics Department, London Trading Centre, Enquiries; 01 634 4360/5. Monday Seastember 4 1995.

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JOINT ANNOUNCEMENT

RAND MINES RAND MINES DEPENDENT INTE

BARPLATS INVESTMENTS

LEFKOCHRYSOS LIMITED

Introduction

Substantial progress is being made in establishing Left:ochrysos Limited and its subsidiaries as important new plannum producers. The mine at Brits has come into production and the first sales of plannum have been effected.

To more closely reflect its affiliation with the holding company, Barplats Investments Limited, the name of Lefkochrysos will shortly be changed to Barplats Mines Limited. In addition, the mine at Brits will become known as the Crocodile River Mine, while that near Sieelpoort, owned by Rhodium Reefs Limited, will be known as the Kennedy's Vale Mine.

World market trends in the foreseeable future indicate that demand for the major plannum group metals is likely to remain buoyant. Careful consideration has therefore been given to the expansion of production by Barplats Mines.

BARPLATS MINES LIMITED CENDOLOGIE BLAES PO :E Al Bush PENSENTS PALE BARZATI PLITI LIPIES MEMININI M

Progress in entering the market Development of the first phase of the Crocodile River Mine is almost complete. Production is building up steadily and the planned throughput of 160 000 tons of ore per month is expected to be

achieved during the first quarter of 1990 Suc-cessful production of matte, containing plannum group merals derived from the UC2 Reef, has been achieved without experiencing serious technical difficulties. Development of the Kennedy's Valle Mine has progressed sansfactorily. The primary service shaft has been sunk to a depth of 656 metres

below surface, while the dual purpose shaft has reached a depth of 743 metres In addition, the precious and base metal refinenes at Brakpan, owned by Barplats Refinenes (Proprietary) Limited, have been successfully

commissioned. The first platinum ingots and palladium sponge have been produced at inter-nationally accepted specifications and the initial refining of the other precious meials is at an advanced stage.

The capital expenditure required to bring both the Crocodile River Mine and the refineries into production is within the budget as outlined at the time of the takeover of Barplats Mines by Barplats Investments

A number of long-term sales contracts are being or have been negonated. The first spot sales of plannum have taken place. Revenue from sales of plannum and of other precious metals will increase sleadily and working profits should be earned in 1991.

Expansion of production

In the light of expected conditions in the platfaum market, it has been decided to accelerate by some six months the second phase of development of the Crocodile River Mine, increasing

Expansion of platinum mining operations

YANSA VANADIUM

production from 160 000 to 250 000 tons per month

by the end of 1992.

Shaft sinking has continued at Kennedy's Vale on a two shift basis, pending a thorough re-assessment of the project. As a result of this re-assessment, current operational experience and the synergies derived from the takeover, especially in refining capacity, it has been decided to proceed with the Kennedy's Vale Mine at the current rate of development. To date approximately R100 million has been spent on the mine. The plan is to bring the Kennedy's Vale Mme into production so as to achieve a milling

The refinenes will have the capacity to refine production from both mines, without incurring major additional capital expenditure.

rate of 180 000 tons of ore per month in 1996.

Proposed rights offers

Careful analysis of the funding requirements for the acceleration of the proposed expansion of the Crocodile River Mine and the further development of the Kennedy's Vale Mine has shown that, in order to maintain acceptable borrowing capacity, it is prudent that Barplats Mines should raise equity capital of approximately R300 million by way of a rights offer to its shareholders and the holder of its compulsorily convertible debentures.

In turn, Barplats Investments, which holds approximately 73 per cent of Barplats Mines on a fully diluted basis, intends to proceed with a rights offer to holders of its ordinary shares and compulsority convertible debentures in order to mainiain its present interest in Barplats Mines. Rand Mines Limited holds approximately 61 per cent and Vansa Vanadium S.A. Limited owns approximately 18 per cent of Barptats Invest-

ments on a fully diluted basis. It has been Vansa will renounce, in favour of its shareholders, its rights arising from the offer to be made by Barplats Investments: and

Rand Mines will make a rights offer to 6s shareholders in order to take up its rights in Barplais Investments, including rights renounced to it by Vansa, and to provide funds for future mining ventures.

The proposed rights offers will be made in the last quarter of 1989, when the audited financial information for the financial year ending 30 September 1989 in respect of the various companies will be available.

Maiden dividends

Within the context of these expansion plans, the maiden dividends of Barplats Mines and Barplats investments are still expected to be declared in respect of the financial year ending 30 Sep-

By order of the Boards Rand Mines (Mining & Services) Limited 4 September 1989 per A.R. Hold

Registered offices 15th Floor

The Corner House 63 Fox Street Johannesburg



INTERNATIONAL CAPITAL MARKETS

MCA convertible surprises traders

By Andrew Freeman

SALOMON BROTHERS surprised many market partici-pants by launching a \$200m convertible Eurobond issue for MCA, the US entertainment company which includes Uni-versal Studios among its inter-

ests.
The 10-year deal, callable after fiva years, carried an

INTERNATIONAL BONDS

indicated coupon of 5% par cent and a conversion pre-mium of 17 per cent. Final terms will be fixed on or before Thursday this week. There are so-called poison put options to protect investors against a hos-

tile takeover. Salomon said the launch had been precipitated when a pre-marketing effort resulted in news of the deal leaking to the wider market. An official said the bonds were trading at around 99% bid, but added that members of the small syndimembers of the small syndicate had been asked not to offer the paper below the par issue price.

On an otherwise quiet day as the US market rested for Labor Doy, the MCA deal aroused considerable discussion. Syndicate officials said the pricing was extremely tight, a fact partly acknowledged by Salomon, which said the terms were tough to reflect the qual-

Other houses are understood

| NE | W INTE | RNATIC | NAL | BOND | ISSU | ES |
|--|-----------|---|-------|----------|-----------|-------------------------|
| Barrower US DOLLARS | Amount m. | Coupon % | Price | Maturity | Fees | Book runner |
| Sharp Corporation® | 600 | (4) | 100 | 1993 | 24/112 | Nomura Int. |
| MCA Inc.(d)§ | 200 | (4) (5 ¹ 2) 3 ⁵ 8 | 100 | 1999 | 212/112 | |
| Bandal Co.(c) P • | 100 | `35€ | 100 | 1993 | 24/12 | Dalwa Europe |
| AUSTRIAN SCHILLINGS National Bank of Hungary(s) | 1.5bn | 84 | 100 | 1996 | 2.1/1.85 | Oest, Laenderbank |
| SWISS FRANCS Viva Home Co.(b) ** \$ \$ | 200 | 34 | 100 | 1994 | 158 | Nomura Sank (Switz) |
| YEN Okobank(e) ◆ | 8.5bn | (e) | 100% | 1990 | - %/l2 | Mitsubishi Finance Int. |

**Private placement. \$Conventible. Φ With equity warrants. Φ Final terms. a) Non-callable. b) Coupon cut by $\frac{1}{4}$ % from indication, Yield to pul 3.699% (Indication 4.131%). c) Coupon cut by $\frac{1}{2}$ % from indication, d) Call at par after 5 years and annually thereafter. a) First coupon $5\frac{1}{2}$ %, thereafter tinked to Nikkel stock index.

to have discussed terms with the borrower involving significantly lower conversion premi-ums, while it is understood there were some declines on price grounds yesterday. An existing convertible for MCA launched in September 1987 by Morgan Stanley was trading at a premium of roughly 12 per cent in the secondary market.

There was much comment on Salomon's decision to use control numbers on the bonds, allowing it to track any sales by syndicate managers at less than the par offer price. Traders said the use of control numbers to enforce discipline betrayed a lack of confidence in the syndicate, but added that the control would probably be effective. The use of control numbers causes settlement problems for some investors because the bonds can only be cleared through Cedel.
However, most comments on

the deal focused on the fundamentals of the underlying

MCA equity and claimed it was trading on a very high price-earnings ratio after a wave of takeover speculation.
"If that speculation comes to
nothing, this convertible will look even more expensive than it does now," said one syndi-cate official. Salomon conceded that there might he some downside on the stock, but reminded investors that the entertainment sector was

Elsewhere, in Austria, Oesterraichische Laenderbank launched a Schl.5bn seven-year deal for the National Bank of Hungary with au 8% per cent coupon, the second such deal for a foreign bor-rower. The first issue, brought by Creditanstalt for the Bank of Foreign Economic Affairs of tha USSR, sold well and was trading yesterday at around 100.05 bid.

high-risk, high-reward.

The Hungary bonds met a good reception, trading at 99.70 bid, comfortably inside fees

Ylaids: Local market standard

amid steady demand from

amid steady demand from investors attracted by the 110 basis point yield pick-up over domestic state issues.

Syndicate officials were divided on the prospects for further issues, with some arguing that a heavy domestic programme will limit opportunities for foreigners, and others suggesting that there may be more issues within a month. more issues within a month. In Switzerland, the SFr100m issue with five-year equity war-rants brought late on Friday for Oesterreichische Laenderbank by Handelsbank NatWest improved from less 2 bid to less & bid in late trading.

The recent IADB SFr300m two-tranche issue fell back yes-

terday, with the 10-year tranche dropping % from Friday's close to less 2% bid, while the 15-year deal fell by % to less 2% bid. In London, Mitsnbishi Finance was the lead manager

of a Y8.5bn one-year swap-driven deal for Okobank.

Political fears depress Japanese issues

By Katharine Campbell

CONTINUING political uncertainties, combined with the buoyancy of the dollar, depressed the Japanese govern-ment bond market yesterday,

GOVERNMENT BONDS

and trading was generally subdued. The dollar closed at Y146.13 and dealers were disquieted by comments from the MoF aimed ot reassuring the foreign exchanges on the yen.

The December 10-year future closed at 105.31 after 105.55 on Friday. The No.111 JGB was yielding 5.14 per cent, 3 basis points more than last week. With the US closed for the Labor Day holiday, European markets were lethargic, with little new information to feed on. In Germany, dealers were hoping today's announcement of terms of the next federal

bond issue might inject some life into the market. Prices in the bund cash market ended the day almost unchanged, while the Liffe September contract finished 13 basis points weaker at 94.27,

■ UK gilt-edged securities were marked down about % of a point overnight in response to sterling's wobbliness, but remained almost unchanged from there throughout the day.

FT-ACTUARIES SHARE INDICES

BENCHMARK GOVERNMENT BONDS

| | | Compos | Date | PTICE | Cuenda | Aleta | ago | 200 |
|-------------|----------------|--------------------------|-----------------------|--------------------------|--------------------------|------------------------|------------------------|------------------------|
| UK GILTS | | 13.500 9.750 9.000 | 9/92 1/98 10/08 | 106-12 97-01 87-08 | -3/32 -11/32 -4/32 | 10.99 10.28 9.32 | 10.73 10.04 9.22 | 10.82 10.15 9.24 |
| US TREAS | URY " | 8.125 8.875 | 5/99 2/18 | 105-31 107-23 | +3/32 +10/32 | 8.22 8.18 | 8.33 8.29 | 7.99 8,04 |
| NAGAL | No 111 No 2 | 4.600 5,700 | 6/98 3/07 | 96.7001 105.9487 | -0.205 -0.099 | 5.15 5.06 | 5.07 5,01 | 5.15 5.06 |
| GERMANY | | 7.000 | 2/99 | 101.0000 | +0,200 | 6.84 | 6.83 | 8.67 |
| FRANCE | BTAN OAT | 8.000 8.125 | 1/94 5/99 | 97.5722 98.1900 | +0.122 -0.010 | 8.67 8.39 | 8.67 8,43 | 8.52 8.36 |
| CANADA * | | 10,250 | 12/98 | 104.3750 | +0.650 | 0.52 | 9.52 | 9,25 |
| NETHERLANDS | | 7.000 | 3/99 | 98.7000 | -0.120 | 7,18 | 7.13 | 6,98 |
| AUSTRALIA | | 12,000 | 7/99 | 94.8684 | - | 12.93 | 13.10 | 13,00 |

Technical DataIATLAS Price Sources

Prices: US, UK in 32nds., others in decimal

Cookson signs £400m financing agreement

By Stephen Fidler, Euromarkets Correspondent

COOKSON GROUP, the UK manufacturer of specialist industrial materials, said yesterday it had signed a £400m financing agreement with a group of 36 international banks, led by Barclays.

The facility, partly to consolidate the company's bornelidate the

solidate the company's borrowings, consists of a £250m committed facility, with an interest margin on drawings of 0.15 percentage points, with undisclosed facility fees also parable.

payable.
The uncommitted tenderpanel line of credit was
increased to £400m from
£300m, but borrowings under
both facilities will not exceed £400m. There is an option to allow the company's US sub-sidiary same-day funds in the

• Manufacturers Hanover has • Manufacturers Hanover has syndicated a £40m, three-year loan for Larchfiald Invest-ments, a subsidiary of Minerva Corporation. The loan was fully funded by Manufacturers Hanover in March to finance the purchase of a building in London's Euston Road. Nine banks are participating in the

Net inflow for Italian trusts

ITALIAN UNIT trusts reported a net inflow of L128bn for August, reversing an unbroken two-year sequence of monthly net outflows stretch-ing back to July 1987, Reuters

reports.
The mutual fund association said that, as a result, net outflows from Italian unit trusts for the first eight months of 1989 had been cut to L5,440bn from L5,680bn a year earlier.

New subscriptions in August totalled L847bn and with redemptions limited to L719m the net inflow for the month was L128m. In the preceding month redemptions of L1.01bn outstripped new subscriptions of L977m. Share-based funds performed especially well in August, with net inflows ris-ing to L229bn from L194bn in

Water groups reveal terms for raising £7.25bn

By Stephen Fidier, Euromarkets Correspondent

THE TERMS on which nine of the 10 UK water authorities are raising £7.25bn in standby credits in the international banking market amerged in full yesterday as invitations to join the financings were sent out to hundreds of

The six-year credits, needed ahead of the November privati-sation of the authorities, which became public limited compa-nies on Friday, have already met a good reception from-underwriting banks, bankers

One loan - the credit for the Northumbrian authority being arranged by Warburgs — has been increased to £400m from £300m and could have been increased further had the borrower desired. One authority, South-West, has sufficient cash

for it not to need to line up such a credit.

In spite of suggestions from soma bankers that pricing anomalies remained among the deals and that terms on some credits were aggressive, a broad group of banks appears to have been attracted to underwrite the financings. In many of the credits, Japanese banks predominate as under-

Eleven banks, for example, are underwriting the £1.5bn financing for Severn-Trent being arranged hy Lloyds Bank. Apart from Lloyds, the other underwriters are Manufacturers Hanover, Bank of Tokyo, CIBC, Deutsche Bank, Midland, Mitsubishi, Société Générale, Sumitomo, Tokai and Union Bank of SwitzerA smaller five-bank group has undarwritten the other £1.5bn financing for Thames, arranged by Barclays. The clearer has been joined by Dal-Ichi Kangyo, UBS, Mitsubishi and Deutscha.

A summary of the credits, which generally carry frontwhich generally carry hourself fees ranging up to about 10 basis points, follows:

Thames Water, £1.5bn, arranged by Barclays, carries a 22 basis point margin over London

don interbank offered rates on any drawings, and a 12 basis point commitment fee.

Severn Trent, £1.5hn, Lloyds 25 basis points and 10.5 basis

● North Western, £1.2bn, National Westminster, 25 basis points and 10.5.

• Anglian, £800m, Barclays, 22.5 basis points for three years and 25 basis points for the remainder, with commitment commissions of 12.5.

• Yorkshire, £600m, Credit Suisse First Boston, 25 basis points and 10. • Wessex, £450m, Manufacturers Hanover, 22.5 basis point margin and commitment commission stepping up from 7.5 basis points for the first two years, 10 basis points for the next two, and 12.5 basis points

for the final two years.

• Weish, £450m, National Westminster, 25 and 10.5.

• Northumbrian, £400m (increased from £300m), SG Warburg, 25 basis points and • Southern Water, £350m,

ing costs for many exchange

members. At the end of June,

35 of them were in the red. This resulted in further redun-

dancies: aggregate mid-year

industry employment stood at

23,388, against 24,274 in June 1988. Members' overall losses for 1988 amounted to C\$76.2m,

versus a hefty profit of C\$84.7m

Manufacturers Hanover, 20 basis point margin and commitment fee structure as for

Toronto SE members lose C\$6.6m

By David Owen in Toronto

The 73 member firms of the Toronto Stock Exchange have reported a combined loss of C\$6.6m (US\$5.58m) for the second quarter in spite of an increasingly buoyant atock market. This follows a small C\$5.4m profit in the first three months.

Improved trading levels have been insufficient to offset risINTERNATIONAL FUND MANAGEMENT

The Financial Times proposes to publish this survey

23 OCTOBER 1989

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LONDON MARKET STATISTICS

RISES AND FALLS YESTERDAY

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|---|--|
| the Institute of Actuaries and the Faculty of Actuaries | Olls Plantations Mines |

| 1 CAP 2 Buil 3 Elect 5 Elect 6 Meter 10 Oth 11 CON 12 Bree 12 Pub 14 Stor 14 Stor 14 Stor 15 OTH 14 Age 23 Con 17 Teles 3 Meter 16 Teles 17 Teles 18 Meter 17 Teles 18 Meter 18 Teles 18 Teles 1 | ctricals (9) .tronics (31) .tronics (31) .tronics (31) .tals and Metal Forming (6) .tors (17) .er Industrial Materials (23) .tsumers GROUP (184) .wers and Olstillers (22) .d Manufacturing (20) .dd Retailing (14) .lith and Household (14) .ure (34) .kaging & Paper (15) .lishing & Printing (19) | 531.49 369.09 1867.15 1417.92 1564.95 1220.42 2716.47 2772.31 1816.88 | bay's Change % +0.3 +0.3 +0.7 +0.3 +0.3 +0.5 +1.0 +0.4 +1.2 +0.4 +1.2 +0.4 | Est. Earnings Yield's (Max.) 10.68 12.70 15.21 8.23 8.53 9.71 19.37 20.48 0.28 7.69 8.49 8.35 7.47 5.38 | Gross Olv, Yield's (Act at (25%) 4.04 4.52 4.64 3.29 3.98 5.65 4.10 3.76 3.82 3.12 3.42 | P/E Ratio (Net) 9,80 0,58 15,16 15,18 12,60 14,41 16,32 14,71 16,32 15,01 | xd adj. 1989 to date 21.20 26.97 34.30 54.31 47.99 10.94 14.84 8.59 34.02 22.58 25.65 | Index No. 1003.43 1174.80 1554.73 3031.44 2265.55 554.88 530.85 367.15 1867.76 1404.43 1551.86 | 1544.57 3864.52 2251.30 552.33 527.64 365.67 1858.38 | 990.37 1150.28 1538.00 2976.52 2229.33 547.23 528.15 365.45 | 2084.6 1662.3 403.5 460.8 265.8 |
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| 1 CAF Bull 23 Com 4 Elected 6 Meter 6 Meter 6 Meter 6 Meter 6 Foo 66 Foo 66 Foo 66 Foo 67 Less 7 Les | stocks per section PITAL GOODS (208) | No. 1006.19 1178.14 1565.46 3032.45 2277.49 369.09 1867.15 1217.92 12564.95 1220.42 2716.47 2772.31 1816.88 | Change % +0.3 +0.7 +0.3 +0.3 +0.3 +0.3 +0.5 +1.0 +0.8 +1.4 +1.8 | 10.68 12.70 15.21 8.53 9.71 19.37 20.48 0.28 7.69 8.49 8.35 | Yield% (Act at (25%) 4.04 4.52 4.64 3.91 3.29 5.65 4.10 3.76 3.92 3.92 3.44 | (Net) 9.80 9.80 15.16 15.18 12.69 5.69 11.25 14.41 16.32 14.73 | 21.20 26.97 34.30 54.31 47.99 10.94 14.84 8.59 34.02 22.58 25.65 | No. 1003.43 1174.80 1554.73 3031.44 2265.59 554.88 530.05 367.15 1867.76 1404.32 | 978.15 1170.72 1544.57 3864.52 2251.30 552.33 527.64 365.07 1858.38 | 990.37 1150.28 1538.00 2976.52 2229.33 547.23 528.15 365.45 | 761.9 957.49 1514.4 2084.6 1662.3 403.5 460.8 265.8 |
| 2 Buil 3 Connect 4 Electron 2 Buil 3 Connect 5 Electron 2 Breez 6 Meter 9 Other 1 Connect 5 From 2 Breez 6 From 2 Breez 7 From 2 Breez 7 Teletron | Iding Materials (29) tracting, Construction (37) ctricals (9) ctronics (31) chanical Engineering (56) tals and Metal Forming (6) tors (17) er industrial Materials (23) its UMER GROUP (184) wers and Oistillers (22) od Manufacturing (20) od Retailing (14) tith and Household (14) sure (34) use (34) | 1178.14 1565.46 3032.45 2271.49 556.75 531.49 369.09 1867.15 1417.92 1564.95 1220.42 2716.47 2772.31 | +0.3 +0.7 +0.3 +0.3 +0.5 +1.0 +0.8 +1.2 +0.4 +1.8 | 12.70 15.21 8.21 8.53 9.71 19.37 20.48 0.28 7.69 8.49 8.35 7.47 | 4.52 4.64 3.91 3.29 3.98 5.65 4.10 3.76 3.82 3.12 3.44 | 9.80 0.58 15.16 15.18 12.60 5.69 11.25 14.41 26.32 14.73 | 26.97 34.30 54.31 47.99 10.94 14.84 8.59 34.02 22.58 25.65 | 1174.88 1554.73 3031.44 2265.59 554.88 530.05 367.15 1867.76 1404.32 | 1170.72 1544.57 3894.52 2251.30 552.33 527.64 365.87 1858.38 | 1150.28 1538.00 2976.52 2229.33 547.23 528.15 365.45 | 957.49 1514.4 2084.6 1662.3 403.5 460.8 265.8 |
| 3 Com 4 Elect 5 Mee 8 Mee 9 Moo 11 CON 12 Bre 15 Foo 17 Hea 15 Text 16 Age 16 Con 17 Tele 18 Mis | tracting, Construction (37) tricals (9) | 1565.46 3032.45 2271.49 556.75 531.49 369.09 1867.15 1417.92 1564.95 1220.42 2716.47 2772.31 1816.88 | +0.7 +0.3 +0.3 +0.3 +0.5 +1.4 +0.8 +1.2 +0.4 +1.8 | 15.21 8.21 8.53 9.71 19.37 20.48 0.28 7.69 8.49 8.35 7.47 | 4.64 3.91 3.29 3.98 5.65 4.10 3.76 3.82 3.12 3.44 | 0.58 15.16 15.18 12.69 5.69 11.25 14.41 16.32 14.73 | 34.30 54.31 47.99 10.94 14.84 8.59 34.02 22.58 25.65 | 1554.73 3031.44 2265.59 554.88 530.05 367.15 1867.76 1404.32 | 1544.57 3864.52 2251.30 552.33 527.64 365.67 1858.38 | 1538.00 2976.52 2229.33 547.23 528.15 365.45 | 1514.4 2084.6 1662.3 403.5 460.8 265.8 |
| 4 Electors 5 Electors 6 Mere 9 Moor Other 12 Con 13 From 14 Store 15 From 15 Con 15 Trex 16 Con 15 Trex 16 Miss 17 Miss 18 Miss 18 Miss 18 Miss 18 Electors 18 Miss 18 Electors 18 Elector | ctricals (9) .tronics (31) .tronics (31) .tronics (31) .tals and Metal Forming (6) .tors (17) .er Industrial Materials (23) .tsumers GROUP (184) .wers and Olstillers (22) .d Manufacturing (20) .dd Retailing (14) .lith and Household (14) .ure (34) .kaging & Paper (15) .lishing & Printing (19) | 3032.45 2271.49 556.75 531.49 369.09 1867.15 1417.92 1564.95 1220.42 2716.47 2772.31 1816.88 | +0.3 +0.3 +0.3 +0.5 +1.4 +0.8 +1.1 +0.4 +1.8 | 8.21 8.53 9.71 19.37 20.48 0.28 7.69 8.49 8.35 7.47 | 3.91 3.29 3.98 5.65 4.10 3.76 3.82 3.12 3.44 | 15.16 15.18 12.60 5.69 11.25 14.41 16.32 14.73 | 54.31 47.99 10.94 14.84 8.59 34.02 22.58 25.65 | 3031.44 2265.59 554.88 530.05 367.15 1867.76 1404.32 | 3864.52 2251.30 552.33 527.64 365.87 1858.38 | 2976.52 2229.33 547.23 528.15 365.45 | 2084.6 1662.3 403.5 460.8 265.8 |
| 8 Met 9 Mod 0 Oth 1 CON 15 Foo 7 Heas 19 Lels 11 Pac 12 Pub 14 Stor 15 Tex 10 OTH 11 Age 12 Che 13 Train 17 Tele 18 Mis | tals and Metal Forming (6) tors (17). tors (17). tors (17). tsumER GROUP (184) | 531.49 369.09 1867.15 1417.92 1564.95 1220.42 2716.47 2772.31 1816.88 | +0.3 +0.5 +1.4 +0.8 +1.2 +0.4 +1.8 | 8.53 9.71 19.37 20.48 0.28 7.69 8.49 8.35 7.47 | 3.29 3.98 5.65 4.10 3.76 3.02 3.12 3.44 | 15.18 12.60 5.69 11.25 14.41 16.32 14.73 | 47.99 10.94 14.84 8.59 34.02 22.58 25.65 | 2265.59 554.88 530.05 367.15 1867.76 1404.32 | 2251.30 552.33 527.64 365.67 1858.38 | 2229.33 547.23 528.15 365.45 | 1662 403. 460. 265. |
| 8 Met 9 Mod 0 Oth 1 CON 15 Foo 7 Heas 19 Lels 11 Pac 12 Pub 14 Stor 15 Tex 10 OTH 11 Age 12 Che 13 Train 17 Tele 18 Mis | tals and Metal Forming (6) tors (17). tors (17). tors (17). tsumER GROUP (184) | 531.49 369.09 1867.15 1417.92 1564.95 1220.42 2716.47 2772.31 1816.88 | +0.3 +0.5 +1.4 +0.8 +1.2 +0.4 +1.8 | 9.71 19.37 20.48 0.28 7.69 8.49 8.35 7.47 | 3.98 5.65 4.10 3.76 3.02 3.12 3.44 | 12.60 5.69 11.25 14.41 26.32 14.73 | 10.94 14.84 8.59 34.02 22.58 25.65 | 554.88 530.05 367.15 1867.76 1404.32 | 552.33 527.64 365.87 1858.38 | 547.23 528.15 365.45 | 403.1 460.8 265.8 |
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| 9 Mod 0 Othin 1 CON 2 Bree 5 Foo 7 Hea 9 Lels 11 Pac 12 Pub 14 Stex 10 OTH 11 Age 12 Che 13 Train 17 Tele 18 Mis | tors (17). er industrial Materials (23). is SUMER GROUP (184). wers and Oisti)lers (22). id Manufacturing (20). id Retalling (14) | 369.09 1867.15 1417.92 1564.95 1220.42 2716.47 2772.31 1816.88 | +0.5 +1.0 +0.8 +1.1 +0.4 +1.8 | 20.48 0.28 7.69 8.49 8.35 7.47 | 4.10 3.76 3.02 3.12 3.44 | 11.25 14.41 16.32 14.73 | 8.59 34.02 22.58 25.65 | 367.15 1867.76 1404.32 | 365.07 1858.38 | 365,45 | 265. |
| O Othical Control Cont | er Industrial Materials (23) ISUMER GROUP (184) | 1867.15 1417.92 1564.95 1220.42 2716.47 2772.31 1816.88 | +1.8 +0.8 +1.1 +0.4 +1.8 | 0.28 7.69 8.49 8.35 7.47 | 3.76 3.82 3.12 3.44 | 14.41 16.32 14.73 | 34.02 22.58 25.65 | 1867.76 1404.32 | 1858.38 | | |
| 1 CON 2 Bree 5 Foo 6 Foo 7 Hea 9 Lels 1 Pac 12 Pub 14 Sto 14 Sto 15 OTEX 16 OTEX 17 Tele 18 Mis | iSUMER GROUP (184) | 1417.92 1564.95 1220.42 2716.47 2772.31 1816.88 | +0.8 +1.1 +0.4 +1.8 | 7.69 8.49 8.35 7.47 | 3.02 3.12 3.44 | 16.32 14.73 | 22.58 25.65 | 1404.32 | | | |
| 5 Foo 6 Foo 7 Hea 9 Lels 12 Pub 14 Sto 15 Tex 10 OTH 1 Age 12 Che 13 Con 15 Trais 17 Tels 18 Mis | kd Manufacturing (20)dd Retalling (14)lith and Household (14)ure (34)kaping & Paper (15)lishing & Printing (19) | 1220.42 2716.47 2772.31 1816.88 | +0.8 +1.1 +0.4 +1.8 | 8.49 8.35 7.47 | 3.12 3.44 | 14.73 | 25.65 | | 1372.63 | | 1250.9 |
| 5 Foo 6 Foo 7 Hea 9 Lels 12 Pub 14 Sto 15 Tex 10 OTH 1 Age 12 Che 13 Con 15 Trais 17 Tels 18 Mis | kd Manufacturing (20)dd Retalling (14)lith and Household (14)ure (34)kaping & Paper (15)lishing & Printing (19) | 1220.42 2716.47 2772.31 1816.88 | +1.2 +0.4 +1.8 | 8.35 7.47 | 3.44 | | | | | | 1036. |
| 6 Foo 7 Hear 9 Lels 1 Pac 2 Pub 4 Stor 15 Tex 10 OTH 1 Age 12 Che 13 Con 15 Trais 17 Tels 18 Mis | nd Reta ing (14) Ith and Household (14) stre (34) kaging & Paper (15) Ishing & Printing (19) | 2716.47 2772.31 1816.88 | +0.4 +1.8 | 7.47 | | | | | | 1533.85 | 1075.4 938.1 |
| 9 Lels 1 Pac 2 Pub 4 Sto 5 Tex 60 OTH 1 Age 2 Che 3 Con 5 Trai 7 Tele 8 Mis | kaging & Paper (15) | 1816.88 | +1.8 | | | | 21.07 | 1206.83 | | 1201.52 | 1884. |
| 9 Lels 1 Pac 2 Pub 4 Sto 5 Tex 60 OTH 1 Age 2 Che 3 Con 5 Trai 7 Tele 8 Mis | kaging & Paper (15) | 1816.88 | | . ورو د | | 17.70 | 38.37 22.32 | 2705.68 2722.15 | | 2674.28 | 1797. |
| 11 Pac 12 Pub 14 Stor 15 Tex 10 OTH 11 Age 12 Che 13 Con 15 Trai 17 Tele 18 Mis | kaging & Paper (15) Jishing & Printing (19) | 673.86 | | | 1.49 | 22.23 | 32.22 | 1892.32 | | 2578.23 | 1288 |
| 2 Pub 4 Stor 5 Tex 10 OTH 1 Age 2 Che 3 Con 15 Trai 17 Tele 18 Mis | ulishing & Printing (19) | | | 7.96 9.37 | 3.11 3.98 | 17.47 13.47 | 20.14 | 619.88 | 618.97 | 1775.58 613.57 | 505.7 |
| 5 Tex Tex O OTH Age 2 Che 3 Con 5 Trai 7 Tele 8 Mis | HISNING & Printing CLY) | 2002 42 | +0.6 | 8.22 | 4.34 | 15.66 | 98.37 | 3876.73 | | 3830.39 | 3333.4 |
| 15 Tex 10 OTH 1 Age 12 Che 13 Con 15 Trai 17 Tele 18 Mis | (00) | 10.000 | | | | 13.95 | 27.64 | 914.90 | | 899.84 | |
| 1 Age 12 Che 13 Con 15 Trai 17 Tele 18 Mis | res (32) | 721./1 | +8.7 | 9.36 | 3.98 | 21.66 | 15.40 | 582.75 | | 575.46 | 553. |
| 1 Age 2 Che 3 Con 5 Trai 7 Tele 8 Mis | tiles (14) IER GROUPS (93) | . 30Z./B | +0.1 | 9.58 | 5.01 | 12.66 | 23.23 | 1217.43 | | 1209.75 | 870. |
| 7 Tele | 1EK 6KUUPS (35) | 1420.73 | +0.5 | 6.59 | 3.95 2.17 | 18.75 | 23.12 | 1619.48 | | 1606.42 | 1056. |
| 7 Tele | micals (22)glomerates (13) | 1260 05 | +0.5 | 10.92 | 4.56 | 10.80 | 40.83 | 1354.28 | | 1349.47 | 1032 |
| 7 Tele | MICAIS (22) | 1767 11 | +0.7 | 9.59 | 4.58 | 12.27 | 28.35 | 1768.59 | | 1754.25 | 1187. |
| 7 Tele 8 Mis | rsport (13) | 2448 47 | +0.8 | 8.65 | 3.71 | 15.01 | 42.06 | 2420.77 | 2388.14 | 2413.54 | 1658. |
| 8 MIS | phone Networks (2) | 1147 01 | -0.1 | 10.67 | 4.33 | 12.21 | 22.38 | 11.48.05 | | 1130.24 | 921 |
| | cellaneous (26) | 1955.24 | -1.0 | 8.89 | 3.26 | 12.70 | 29.18 | 1975.26 | 1956.47 | 1980.10 | 1193. |
| | USTRIAL GROUP (485) | 1271.10 | +0.3 | 9.00 | 3.55 | 13.71 | 23.07 | 1264.16 | 1254.97 | 1250.20 | 931.9 |
| | & Gas (15) | 2206.74 | +0.3 | 9.68 | 5.06 | 13.71 | 73.67 | 2200.11 | 2185.94 | 2177.73 | 1742 |
| | SHARE INDEX (500) | | +0.5 | 9.09 | 3.74 | 13.71 | 27.28 | 1344.14 | 1334.52 | 1329,45 | 1000. |
| 1 FIN | ANCIAL GROUP (122) | 824.32 | +6.3 | | 4.98 | | 24.28 | 821.65 | 812.88 | 814.19 | 668.3 |
| 2 Ban | iks (9) , | 841.38 | -0.I | 20.53 | 5.93 | 6.40 | 34.80 | 842.10 | 832.52 | 838.41 | 637.3 |
| 5 losu | rance (Life) (8) | 11256.48 | *********** | - | 4.76 | - | 38.47 | 1256.43 | | 1232.64 | |
| 6 Insu | rance (Composite) (7) | 650.42 | | - | 5.76 | | 21.91 | 650.11 | | 643.32 | 523. |
| 7 insu | rance (&rokers) (7) | 11006.42 | +1.8 | 7.46 | 6.17 | 17.89 | 32.89 | 968.38 | 961.71 | 954.94 | 957. |
| S Me | rchazit Banks (10) | J 480.37 | +2.3 | | 3.96 | .7 | 7.37 | 392.07 | 387.93 | 383.61 | 325.9 |
| 9 Pro | perty (50) | 1394.87 | +8.6 | 6.20 | 2.85 | 28.57 | 19.78 | 1385.98 | 1375.92 | 1376.15 | 1164. |
| OCOL | er Financial (31) | 372.31 | +8.7 | 20.72 | 5.88 | 12.82 | 20.48 | 368.96 | | 367.89 | _ |
| 1 Inve | stment Trusts (69) | 1283.09 | +0.3 | | 2.62 | | 18.62 | 1279.38 | 1276.64 | 1275.18 | 888. |
| 1 Mir | ling Finance (1) | 742.92 | +2.4 | 8.05 | 3.45 | 13.70 | 15.84 | 732.66 | 714.69 | 710.85 | 511.9 |
| 1 Ove | rseas Traders (8) | 11449.62 | | 9.60 | 4.90 | 11.89 | 43.67 | 1450.34 | | 1448.70 | 1145. |
| 9 ALI | -SHARE INCEX (700) | 1222.69 | +0.3 | | 3.90 | - | 26.23 | 1216.78 | 1267.45 | 1203.97 | 915. |
| \top | | Index No. | Day's Change | Day's High (a) | Day's Low (b) | Sep 1 | Aug 31 | Aug 30 | Aug 29 | Aug 25 | Year ago |

| | FIX | ED 1 | NTE | REST | | | AVERAGE GRO REDEMPTION | YIELDS | Morr Sep 4 | Fri Sep 1 | Year ago (approx.) |
|-------------|--|--------------------------------------|-------------------------|--------------------------------------|-----------------------------|------------------------------|--|-------------------------|--|---|--|
| | PRICE INDICES | Mon Sep 4 | Oay's change | Fri Sep 1 | xd adj. today | xd adj. 1989 to date | British Government Low Coupens | est 5 years | 9.63 9.24 9.16 | 9.62 9.24 9.16 | 10.12 9.68 9.35 |
| 2 3 4 | 5-15 years Over 15 years Irredeemables | 118.09 133.28 145.35 166.88 | -0.05 +0.09 +0.02 | 118.16 133.42 145.22 166.84 | - 9.07 - | 9.15 8.83 | Mediana 5 Coupons 6 High a. Coupons 9 | 5 years | 10.59 9.66 9.20 10.69 9.85 9.44 9.20 | 7-15 9.66 9.29 10.66 9.84 9.44 9.20 | 7.35 10.46 9.90 9.60 10.61 10.04 9.59 20.01 |
| - 6 7 | Over 5 years | 140.79 | -0.02 -0.05 | 131.23 140.82 139.69 139.65 | 0 <u>-04</u> - - - | 9.08 2.26 2.66 2.61 | Index-Linked 11 Inflation rate 57 12 Inflation rate 57 13 Inflation rate 10 14 Inflation rate 10 | 6 Over 5 yrs % 5 yrs | 2.91 5.48 2.12 5.31 | 2.90 3.47 2.11 5.31 | 3.46 3.91 2.40 3.74 |
| 9 | Preference | | | 114.91 89.49 | 0.10 9.38 | _ | 16 Lozzs 17 | 15 years 25 years | 11.60 11.14 10.16 | 11.62 11.13 | 11.21 11.13 |

| 1 ! | 1 _ | 1 1 | | | | | | |
|--------------------------|---------------------|----------------------|------------|------------------|--------------------------|--------------|--------------|--------|
| #Opening Index 2410 0; | 10 am 2417 5: 11 | am 2424.1: Noon | 2421 4-11 | un 2420 5: 2 mi | 2421.0: 3 pm 2421.6: | 3.30 pm 24) | 8.4: 4 pm 1 | 2418.3 |
| (a) 17 (i) am (b) 9 (ii) | on t Fiat vield Wi | obs and lows record | hace dates | STATE And CARLEY | Ituent chartes are outs | sneo in Satu | rday issues. | Allsto |
| constituents is availah | le from the Publish | ers. The Financial | Times Num | ber One. Southwa | ark Bridge, London SEJ | 9HL, grice 1 | .5a. by pest | .346. |
| PREFERENCE CONSTITU | ENT CHANGES C | arrigation Vivella 4 | 55% and 4 | 6% preference | stocks have been deleted | L | | |

| State | Sac Property Sac Property Sac Cleans F.P. Part Sac Property Sac Property Sac Property Sac Cleans F.P. Sac Property Sac Cleans F.P. Sac Property Sac Cleans F.P. Sac Property Sac Prope | Second Part Description Second Part Part Description Des | Financi Olls Piantat Mines Others . | al an | d Proj | perties . | | | | 15 0 530 286 32 3 70 126 | | 73 10 247 47 15 0 21 23 | | 3 | 17 33 795 338 43 8 83 131 |
|--|--|--|---|--------------|--------|---|-----|------|-------|---|-----------------|--|----------------|-----------------------------------|--|
| Start Paid Paid | State | Start Paid Reserve Fight Low Start Cleaking For Four | | TIF | | LON | IDO | N RE | CENT | ' IS | SU | ES | _ | _ | _ |
| 1 | F.P. 11/6 42 35 Handbassafor Sec. Grp. Sp. 78 12/81 1.9 4.8 14.7 57 F.P. 11/6 42 35 Handbassafor Sec. Grp. Sp. 54 -12 3.0 1.7 6.2 1.1 6.2 1.1 6.2 1.1 6.2 1.1 6.3 | 1 | Stage A | and the last | Lates | | | | Stack | Cleshe Prize | | fiet Dit. | Tides Cor's | G-usi Yield | P.E. |
| | FIXED INTEREST STOCKS | Stack Amount Latest 1989 Stack Price E up Date High Low Stack | 500 50 50 105 | | 11/8 | 66's 116 126 126 845 603 76 513 513 513 440 852 128 | | | | | -1 ₂ | 13.0 3.0 15.2 15.06 11.13 13.75 | 172612047 | 62 41 61 4.6 16 16 | 128 109 87 173 79 36 132 |

| | | | R | GHT: | S OFFERS | | |
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| zner based Forecast, or Prospectus (1990-9), L or Prospect extenates fo official esti ntroduction | on dividen estimated y other off Estimated as or othe y 1989-9 mates, W L&Placing | d en full ca ameralises ical estima annualises or official D. Q Gross Pro Forsa orice.tt i | spital.g As i dividend r stes for 198 i divident.c estimates .H Foresas a figures.V teintroduct | remed divided to the control of the | estimates di Divisima rase politi or payable lend and yield a Divisima rase politi or payable lend and yield a Divisima and yield cochade socio on protoco year's carniary. Il Divisima cocha and yield based on prospectus er other of the brand on Listent angual carnings. Il Division Il Divisima de la payable based on prospectus of divisional concervate pier ratio based on passible. Potterni to houless of ordinary sha of the consection with pre-passisation me lat London listing. Il lackeding warrants e | special paymand yield by figal estimates of atherman control of the control of th | ment. ared o they followed official official glocal |

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| ption | | | | | | PUTS Jan. | Apr. | Option | • | | Jan | | | | Apr. | Option | | Mov | Fee | My | Her | Feb |
| Vid Lyons "\$55) | 550 600 | 31 | 51, 29 | 46 | 退 | 29 55 | 34 58 | Storehouse (*147) | 130 140 160 | 20 12 4 | 26 16 7 | 29 22 11 h | 2 5 17 | 5 7 18 | 8½ 20 | (°235) Option | 200 220 | 22 10 54 | 31 17 Her | 35 22 Jan | 12 5ep | 5½ 15 |
| krit, Almays 208-) | 180 200 | 32 15 | 37 23 11 | 44 27 18 | 14 34 | 5 | 4½ 10 | Trafalgar | 377 | 38 | 42 | | 4 | n | ٠ | Abbey Nat. | 149 160 | | 14 41 ₂ | 18 7 | 14 | 14 |
| irit Com | 140 | 35 20 | 35 25 | - | 13 | 17 | 19 | (403) | 390 420 | 10 | 18 | 46 22 | 24 | 30 | 19 34 | ASDA Grp. (*210) Option | 200 220 | 16 7 | 23 14 | 31 19 | 15 | 18 |
| 1170) . withk Bahan | 160 180 541 | 10 | 13 112 | 21 22 | 17 | 22 | 23 | Ont Biscutts (*411.) | 390 420 | 37 20 | 40 32 17 | 62 44 | 24 | 17 31 | 20 · 38 · | Gateway (P237) | 220 240 | | 1 | = | Sep 1 | 360 11 |
| 624) | 550 600 | 40 | 67 | 123 85 | 10 | 19 | 23 | Uniterior | 600 | 79 | 99 | 114 | 2 | -6 | 13 | Amstrad | 70 | 5er 8 | 0ec | 18 | 5m 21 ₂ | Date 5% |
| 310) | 280 300 330 | 37 20 6 | 31 | 54 40 25 | 2 6 24 | 5½ 12 26 | 8 14 28 | (*669) · | 700 300 | 38 16 50 | 55 38 62 | 76 50 . 70 | 37 | 43 | 24 46 | (*75) Barciays | 500 | . 50 | 70 | 13½ 88 | | 5½ 13 9 |
| J.P. 1306 1 | 280 300 : 330 | 30 44 ₂ | 37 24 | 42 25 15 | 1552 | 41 ₂ 10 26 | 752 | (345) | 360 | 28 | 39 | 49 | 26 | 15 30 | 19 34 | (*543) Blue Circle | 550 230 | 15 | 37 | 52 | 18 | 28 |
| ritish Steel | | 3-2 10-4 | 10 ا الاکار | 7 | 4 | 24 | 路路 | - Option - | | Ber | Feb | | - | Ech | | (*242.) British San (*206.) | 250 180 200 | 28 10 | 15 35 18 | य गुरु | 16 | 21 년 |
| 1105) | 1050 1106 | 850 | | 143 110 | 12 | 27 45 | 34 | Brit Aero (*713) | 650 700 | 80 | 108 75 | 120 90 | 16 28 | 18 | 25 47 | Discous | 220 160 | 12 | 72 | 13 30 | 2½ 15 2h | 馅 |
| & Wire | 1150 | 5 | | 83 | 55 | 70 | 80 | 54A (*353.) | 750. 330 360 | 24 38 | 48 | 50 | 412 | 37 65 9 | 75 13 24 | (*168) | 180 1500 | 34 140 | 11 172 | 21 220 | 13. |]Á 24 |
| 578) . | 550 600 650 | 25 | 75 49 28 | 95 47 | 75 75 | 24 49 81 | 双野 | BAT leds | 390 750 | 19 7 100 | 27 16 130 | 26 | 38 | 22 43 32 | 43 | (°1620) | 1550 | 92 55 | 133 103 | 152 | 24 | 34 |
| 1480) | 1400 1450 1500 | 95 45 5 | 47 | Ξ | 5 | 3 7 33 | Ξ | (4839.) | 800 | 48 42 | 199 | 110 85 | 40 75 | 77 | 65 80 | Hawker Sidd. (*771.) Hillsdown | 750 800 300 | 37 11 10 | 63 35 29 | 90 60 | 35 30 | 51 |
| artenids 390) | 330 360 | 66 | 75 46 | 85 | 1 5 | 3 | 5 | ETR (*477) | 420 460 500 | 57 37 36 | 84 54 33 | 90 65 43 | 16 39 | 1000 | 13 27 47 | (*312) Literates | 330 | 4 | ĨÁ | 23 | ข้ | 24 |
| nt. Velos 423) | 390 360 390 | 18 70 41 | 30 82 56 | 45 | 13 | 4 | 23 | Brit. Telecom (*267) | 240 260 280 | 34 172 72 | 38 22 13 | 45 32 20 | 1 442 13 | 3 7 | 81z | (*905) Midland Ba | 309 | 9 | 25 41 | 53 | 10 | 17 10 |
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UK COMPANY NEWS

and they were likely to be made for cash, he said.

Even though Emess is at pains to stress its international geo-graphical spread and much diminished involvement in the

British consumer lighting mar-

ket, the shares are still haunted by retail sales and house market-related worries. Assuming the company makes £21.5m-worth of pre-tax profits

this year, they now stand on a prospective p/a of about 13.5, which is an extremely low pre-minm to the market by Emess

standards. These results indi-cated that the company was

West Germany are showing through. However, the shares

are likely to be dull in the

absence of a more optimistic interest rate environment.

COMMENT

Emess tops £8m in first half with 82% advance

EMESS, the lighting and electrical accessories group, increased pre-tax profits by 82 per cent from £4.5m to £8.2m on turnover up from £39.9m to £67m in the half-year to end-

Fully-diluted earnings per share advanced by a more modest 18 per cent to 3.9p (3.3p), while an interim dividend of 1.2p compares with 1p

Commercial lighting acquisi-tions during the period included JSE Electrical, the emergency lighting company acquired for £25m in March. acquired for £25m in March. The company's stake in Brillantleuchten of West Garmany was raised from 54 to 77 per cent in April in July; Eckstec, a French commercial light fittings maker, was bought for £5.3m.

The split of pre-tax profits was about 20 per cent for electricals with the lighting division making up the balance. The company made about 23 per cent of its sales in North America, 9 per cent in the Pacific Basin and 25 per cent in continental Europe. The IIK continental Europe. The UK accounted for the rest. Just four years ago, all Emess' businesses were based in the UK.

Within the lighting division, the commercial and emergency lighting companies performed in a flat UK market for decorative lighting, its sales were up by 6 per cent. The market for



Michael Meyer: continued to

decorative lighting remained strong in the US and West Ger-

On Tenby, the UK electrical concern, Emess remarked that export orders were likely to prove a substitute if domestic business slowed during the second half. Elsewhere in the world, Singapore was unlikely to maintain profits in a diffi-

Ben-Zur family sells all but 2.2% of PWS

By Clay Harris

THE FAMILY of Mr Ronnie Ben-Zur, former chief execu-tive of PWS Holdings, has sold Mr Michael Meyer, chairman, said the acquisition announced in July of a 49 per cent stake in Genlyte, a leading lighting company in the US, was "purely a trade investment". But he added that Emess continued to look for acquisitions around the world, and they were likely to be all but 2.2 per cent of its 40.4 per cent stake in the Lloyd's insurance broker.

The disposal, ending 13 months of uncertainty, was welcomed yesterday by Mr Malcolm Pearson, who became chairman and chief executive of PWS in September 1988.

"It's been our biggest single trading handicap, and that has now been removed." Mr Pearson said from Monte Carlo, where he is attending the reinsurance industry's autumn

Mr Ben-Zur, chief executive of PWS for two years, resigned abruptly in August 1988 after the extent of losses at Glenn Nyhan & Associates, a Califor-nian insurance broker, had

emerged.
PWS took a £4m provision in its profit and loss account

against the entire cost of the acquisition.

As a result, PWS's pre-tax profits fell from £7.22m to £1.53m in 1988, although the interim results for 1989 exceeded forecasts at £1.78m.

Opticford, an offshore company controlled by the Ben-Zur family, sold 9.2m shares at just below Friday's market price of 57p. The shares, which peaked at 565p in February 1985, were mechanized westerday. unchanged yesterday.

Most of the shares, a 29.1 per

cent holding, were bought by Jupiter Tarbutt Merlin, the investment management group, on behalf of discretion-ary clients. Mr John Duffield, JTM chairman, described the purchase as a "totally passive investment" and an "interest-

ing long-term speculation".

Mr Pearson said the other
2.2m shares were sold to Municipal General Insurance and Airken Hume Bank.

BOARD MEETINGS

cated that, the company was continuing to perform well it does, for instance, appear to be winning market share in the depressed UK decorative lighting market, while benefits from restructuring of earlier acquisitions in the US and West Germany are showing

For the latest news and views on the Hoylake bid for B.A.T Industries, from Michael Butt, Chairman of Eagle Star.

Call free. Any time.



Porvair

down but pays 0.9p

THE first half profit decline at. Porvair, maker of microporous synthetic materials, was just over 12.5 per cent, from £460,000 to £402,000, but the directors have declared a maiden interim dividend of

They warned of a reduction early last month, and con-firmed yesterday that the sec-ond half was unlikely to pro-duce the usual bulk of the year's business.

Remedial 'action had been taken and benefit was expected to flow through in 1990. Despite the temporary setback the directors were confident in

Turnover in the belf year fell to £6.31m (£6.73m) and operating profit to £517,000 (£572,000). Earnings were 3.3p (4.8p).

Porvair joined the USM in
May 1988. The dividend for that year was 1.8p but would have been 2.7p if the quote had covered the whole year. Profit was £1.35m.

Unidare declines to £1.77m at halfway

A 10-week strike at a snbsidiary and a depressed heating market hit Unidare in the first half of 1989, and pretax profit fell from 192m to 1917m, or \$1.54m sterling. Turnover of this Dublinbasad maker of electrical.



THE TIME BOMB

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on the 40th anniversary of the dissolution of Palestine, destroying

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cables rose 35.5 per cent to £44.88m (£38m) and the directors felt there were encouraging signs for the rest of 1989. Profits should exceed the £5.8m

of 1988, they said.

In May, Unidare withdrew from the loss making transformer business at Fingles and has provided an extraordinary loss of 2850,000.

Earnings came to 10.55p (12.52p) and the interim dividend is 3.55p (3.35p).

Caird waste buy for £1.8m

Caird Group, where, since acquisitions in 1988, the principal activity is environmental services, has acquired a further three waste disposal busi-

nesses for an aggregate £1.77m. Catwick Landfill, in Humberside, has been bought for £405,000 cash. In the year to May 1989 it made pre-tax profits of £67,000 on revenues of Rochdale-based Birchinley Waste Management for £500,000, satisfied by the issue of 27,422 ordinary and £350,000 cash. And in Cambridgeshire, the company has bought Bas

Skip Hire for £850,000 cash.

Arnotts profit expands midway

Arnotts, the Dublin-based department store operator, lifted pre-tax profits from 12787,000 to 12832,000, or £723,000 sterling; in the six months to July 31. Turnover edged ahead from £21.5m to £21.58m

Earnings per share rose to 5.2p (4.56p) after tax up £10,000 at £378,900. The interim divi-

dend is maintained at 4.5p.

Though sales from the retail activities inreased by 4 per cent, in the wholesale division they declined and a loss was incurred. The company said it was the country to predict sales was too early to predict sales trends in the second half.

Ramco trebles to £463,000

Recovery is continuing at Ramco Oil Services, tha USM-quoted energy services company, with the announcement of trebled profits in the first half of 1989.

The company made pre-tax profits of £463,000 (£150,000) in

the six months to end-June. In the year to December 31 1986 it suffered losses of £1.64m.

Turnover in the latest period was 39 per cent ahead at £2.46m (£1.76m) and earnings almost quadrupled to 2.39p (0.61p). (0.61p).

The company has not paid a dividend since 1986, but Mr Stephen Remp, chairman, said he was "hopeful of positive news during the next financial

Murray Income net assets rise

Murray Income Trust Murray Income Trust increased net asset value from 224.1p to 256.4p per 25p share in the year ended June 30 1989.

Net availabla revanue climbed from 25.98m to 27.48m for the 12 months. Earnings were 9.04p (7.25p) or 8.94p (7.15p) assuming full conversion of the 'B' ordinary. The final dividend is 4.7p, against a forecast of 4.3p, making a total up from 7.1p to 8.2p - 'B' holders receive a scrip issue of ers receive a scrip issue of 4.03489 for every 100 held. In addition, the directors forecast a final of 3.36p for the current year, which with the already foreshadowed 5.64p interim, will produce a 10 per cent rise in 1989-90.

Kleinwort Benson

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This is the largest completed rights issue of 1989.

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5) :

GrandMet in talks about sale of its betting shops

GRAND METROPOLITAN is expected to announce this week that it is selling either all or most of its Mecca and Wil-liam Hill betting shops to Brent Walker, the drinks, lei-Whether or not Brent
Walker gets all the 1.500 outlets in the UK, estimated to

have a 2600m price tag, is still under discussion. It is under-stood that Mr Bob Greene, the former head of Mecca Bookmakers would like to buy some of them. Overseas shops, on the Continent and in Ireland, are oot included in the current negotiations. GrandMet acquired William Hill nine months ago and has

merged it with its Mecca Bookmakers to create Britain's second largest bookmaker. The Monopolies and Mergers Com-mission recently cleared the deal, although it ordered a few disposals in the London

GrandMet's decision to sell its bookmaking interests is the result of a strategy review in which it decided to concentrate oo its food, drink and eyecare business

It bas also heen keen to reduce its borrowings - of about £3.5bn - after the acqui-sition earlier this year of Pillsbury, the US Burger King and food manufacturing group, for \$5.7bn (£3.5bn).

The acquisition of the betting shops would make Brent Walker a significant player in British hookmaking at a stroke. Its first move into the market came in January when it bought 119 betting shops in London and the sooth-east from GrandMet.

Brent Walker is also expec-ted to announce very shortly that it is selling its Whyte & Mackay whisky company and a number of French chateaux,

acquired from Lonhro for £180m a year ago. The company's management is understood to be a likely purchaser of the whisky business and European investors in

Persimmon up 24% to £16.2m

By Our Financial Staff

PERSIMMON. househuilder, increased its pre-tax profits by 24 per cent from £13.08m to £16.2m in the six months to June 30. This was despite a sharp fall in the number of houses sold.

The company said that although sales were down from 1,042 to 766, the average selling price rose from £58,000 to \$74,000. Its wide regional spread protected it from the worst of the market downturn.
Turnover was slightly ahead

at £57.34m (£56.6m), while the interest charge rose from £848,000 to £2.24m. Earnings per share were beld back by the effects of last year's rights issue and grew oy 11 per cent to 13.6p (12.3p).

to 2p (1.50) and the directors indicated their confidence in well in the first half of 1989, year.

the company's prospects by forecasting a final dividend of 4.5p (3.5p). Persimmon said its policy

was to sell its homes ahead of construction and added that it had already met its 1989 sales targets. In 1990 it expected to increase its volume of sales to first-time buyers.

Mr Duncan Davidson, chair-man, said: "The tight market cooditions may continue into 1990. However, with our regional spread, strong land bank, and experienced management team, I am confident that Persimmon is well placed to take advantage of any upturn in the market as soon as this

Persimmon's profits held up

even though its turnover was virtually static. 1990 may prove more difficult. So far, the company, which sells two-thirds of its houses north of Birming-ham, has not suffered from the collapse in the south-east's housing but the slump is expected to spread. However, although profits growth might prove difficult, Persimmon has a strong defensive position. It has a land bank, with planning permission, worth about 4-5 years of sales and it maintains a policy of selling homes ahead of construction. Gearing is low at 27 per cent. Assuming the company makes £32m in the full year, the shares, up 4p at 157p yesterday, are on a pro-spective p/e of around 6. That looks high enough, given the uncertain prospects for the full

MTM operations chief leaves

MR PETER Nortoo is leaving the board of MTM, the specialty chemicals manufacturer which is engaged in a big shake-up of its management

MTM bas said the holding company board will be concentrating on strategic issues, and that it will be devolving responsibility for operations, commercial activities and pro-duction to the business area

boards. This has the effect of eliminating Mr Norton's present role of group operations direc-

Mr Norton is to become chief executive of the European operations of Sasol, the South African state oil com-

His responsibilities at MTM are to be assumed at sub-board level by Mr Ian Edmondson, in

the new position of group production and engineering man-

Mr Stuart Wamsley, tha independent chemicals indus-try analyst, recently joined MTM's board as a non-execu-

tive director.

MTM, which made pre-tax profits of £6.6m in 1988, embarked upon the reorganisation in the light of a consul-tants' report last year.

Hole puts £2m in Pearson's pocket

By Andrew Bolger

WOOKEY HOLE, the ancient limestone cave system and limestone cave system and tourist attraction under the Mendip Hills in Somerset, is no longer part of Pearson, the publishing, banking and industrial conglomerate which owns the Financial Times.

A mainstay of the Cheddar Gorge trippers' run, Wookey Hole was acquired as part of the deal when Pearson bought Madame Tussand's in 1978. Yesterday it was sold for more than £2m cash in a management buy-out.

ment buy-out. Mr Michael Herbert, chair-Mr Michael Herbert, chairman and chief executive of the Tussaud's Group, said: "At the moment we are concentrating our efforts on major tourist projects such as the secood phase of development at Chessington World of Advectures, and the Rock Circus exhibition that recently opened at the

that recently opened at the London Pavilion.

"It has been clear for some time that Wookey Hole Caves would function well as a sepa-rate unit. We were very pleased to be approached by its management team with a buy-out offer." Wookey Hole was bought by

the Tussand's Group for £400,000 in 1973. Since then access has been improved and last year 333,000 visitors went to the site, which employs 50 people full-time and another

50 on a seasonal basis. In addition to the under-In addition to the under-ground caverns. Wookey's attractions inclode a mill which still produces hand-made paper, and an exhibition of wooden fairground animals and carousels from the Victorian era, based on the collec-tion of Lady Bangor.

The old-time entertainment theme is continued with a fair-ground by night exhibition and an Edwardian pier, where visitors can use old pennies to blan the clat machine. play the slot machines. The most direct link with Tussaud's is a Cabinet of Curi-

osities collection of waxworks, which is modelled on the exhibition with which Madame
Tussand and ber son toured
Britain in the early 1800s,
before they settled in London.
Mr Herbert said the new
owners would keep the Tussand's models until the end of 1989, and then had an option to retain them for 1990.

ASW up 52% amid favourable conditions

FAVOURABLE TRADING conditions, improvements in operating efficiency, and increased European sales, helped ASW Holdings, the Welsh steel group, record a 52 per cent profits advance in the six months to June 30.

ASW, formerly Allied Steel and Wire, increased pre-tax profits from £13.2m to £20.1m on turnover ahead by 20 per ceot at £235.1m (£195.7m), although the figures for the previous period were made on FAVOURABLE TRADING

previous period were made on an adjosted pro forma basis dne to the company's flotation

in June 1988. Mr Alan Cox, chief executive, said although the markets for the company's products were now flattening, he still

expected the company to show satisfactory progress for the

Particular emphasis has been placed on expanding sales in Europe and the proportion of ASW's exports to the continent has risen to about 90 per cent. Exports account for just under a quarter of ASW's

The directors declared an interim dividend of 4p, which was 38 per cent higher then that forecast in last year's flo-tation prospectus. Earnings per share, on a fully-diluted basis, worked out at 15.7p

(10.3p).
ASW was formed as a joint venture between British Steel and GKN in 1981, as part of the

Government's Phoenix pro-gramme to revitalise the steel industry. GKN no longer has an interest in the company, but BSC retains a 20 per cent

ASW has produced a fine set of figures for the first half, and some encouraging features were particularly noteworthy. Continental European sales were especially hnoyant, and overall sales and profitability were healthily ahead. Furthermore, despite a large capital investment programme, which resulted in greater supply costs, margins advanced from 7.5 per cent to 9 per cent. There was a degree of caution yester-

day about the future state of business and the weakness of construction markets, but ASW should still have enough ASW should still have enough impetus to see it through the slacker times. With virtually no net debt, ASW is also well positioned to kick its business forward either hy means of internally generated expansion or acquisitions. Fre-tax profits of £41m should be achievable in the full year, giving a prospective multiple of over 7. But that seems rather low given ASW's past performance and present propsects, and oddly out of kilter with many of those in the building materials sector with which ASW can perhaps be most usefully compared.

Tilbury posts

Lilley's results

Tilbury, the construction group facing a £120m bid from Lilley, yesterday sent share-holders a critique of the lat-

ter's interim results and profits forecast, announced last

The statement pointed out

that Lilley's earnings per share growth was below Til-bury's, and criticised both the lack of a divisional analysis

and a dividend forecast.

Lilley is expected to announce an increased bid

critique of

By Philip Coggan

Broadcast Comms shares rise 40p on news of merger talks

By John Ridding

est independent television pro-ducers, said yesterday it was in talks with another company which could lead to a merger. Broadcast, which makes Channel Four's Business Daily programme and which will supply the television pictures from the House of Commons, is from the House of Commons, is traded on the Third Market. After a sharp rise in the share price yesterday, from 308p to 348p, the company is capital-ised at about £10.8m.

Mr Michael Braham, chair-man, declined to name the other party. However he said that the discussions were friendly and that he expected "the matter to be resolved in

days rather than weeks".

Possible candidates include the Guardian and Manchester

TIP EUROPE vesterday

announced the acquisition of

Key Leasing, a Cheshire-based

lessor and vendor of trailers and commercial vehicles, in an

"earn out" deal valued at up to

The acquisition will add 1.850 trailers to TIP's fleet of 18,100, keeping the company just ahead of Tiphook, its major rival in the growing European market.

By Kevin Brown, Transport Correspondent

BROADCAST COMMUNIC-ATIONS, one of the UK's largest independent television pro-est independent television pro-Guardian, and which currently of overheads and provide holds a 14 per cent in Broadcast following a film cash injection at the end of last

> Analysts said that another possibility was Trilion, the USM-quoted television facilities and production company which holds 9.5 per cent of the

> However, Mr Ian Reed, Tri-lion's chairman, denied that the company had been holding discussions and said he was "slightly surprised" by tha

Mr Braham said that a merger would assist Broadcast in its plans for expansion. He said: "We are relatively small by public company standards and have made no secret of the

TIP Europe £10m acquisition

Both companies are also con-

sidering the purchase of Trail-

pean rental company, which has a fleet of 4,500 trail-

However, the £40m price tag placed on Trailerent by Bar-clays Bank is regarded by most

industry observers as too

Mr Jim Cleary, TIP chairman, said the acquisition of Key Leasing would help the company expand into the long

term leasing market, which

was growing 40 per cent annually in some parts of

Key Leasing also controls 800 commercial vehicles, and

runs a used truck sales opera-tion which will complement

Europe.

Cleary said.

of overheads and provide resources for investment in

more productions."
For a merger partner, Broadcast would provide an attractive investment in the rapidly growing market for independent television productions. The Government has proposed that both the BBC and ITV net works commission 25 per cent of their programmes from inde-pendents, and the proliferation of programming resulting from satellite broadcasting provides an additional source of

In the year to June 30 1988. Broadcast reported pre-tax profits of £338,000 on sales of £4.7m. In the previous year the comparable figures were £14,000 and £500,000.

in cash and shares for Key

Leasing, plus np to 25m. depending on profits perfor-mance over the next two

Vendors are the three main

managers of Key Leasing. They

have entered three year service contracts and agreed to retain

their TIP shares for at least

Key Leasing made pre-tax

profits of £697,000 in the year

to February 28, on sales of

increase in pre-tax profits to

£5.1m for the six months to

TIP reported a 35 per cent

Wolstenholme to sell Omnicrom for £2.39m

within the next day or so.

By Clare Pearson

Wolstenholme Rink, the lithographic materials company, is selling its subsidiary Omnicrom Systems to Esselte Letraset, the graphic art products subsidiary of the Swedish office automation and supplies group, for about £2.39m cash.

Omnicrom was founded by Wolstenholme in 1985 to exploit a new system for transferring colours on to the black image areas of photocopies and laser prints. Last year, it made its first operating profit, of £129,000. As a result of the sale, Wol-

stenholme's bank borrowings will be reduced by £4m, or virtually halved.

two years. TIP said Key Leasing would operate as an independent unit within the group for three years, offering specialised services in the UK and European Psion leaps to £1.6m

Psion; USM-quoted computer sales 76 per cent to £14.2m and pre-tax profit by 57 per cent to £1.63m in the first half of 1989, with an initial contribution from Dacom Systems.

Earnings per share were 5.25p (3.74p) and there is an interim dividend of 1p.

Sutcliffe expands

Sime Darby Group

HIGHLIGHTS OF PRELIMINARY ANNOUNCEMENT OF CONSOLIDATED RESULTS FOR THE YEAR ENDED 30TH JUNE 1989

| | 1989 MS Mullon | 1988 M\$ Million |
|--|-------------------|---------------------|
| PROFIT BEFORE TAXATION | 505.3 | 308.3 |
| EARNINGS | 223.5 | 134.5 |
| EXTRAORDINARY PROFITS | 47.2 | 17.6 |
| GROUP PROFIT ATTRIBUTABLE TO SHAREHOLDERS OF SIME DARBY BERHAD | 270.8 | 152.1 |
| | Sen | Sen |
| EARNINGS PER SHARE | 21.6 | 14.5 |
| DIVIDENDS PER SHARE - NET | 11.2 | 8.4 |
| | | |

water treatment side

By Clay Harris

SUTCLIFFE Speakman, the activated carbon and chemicals manufacturer, is expanding its water treatment operations through the purchase of Caird & Rayner-Bravac, a leading supplier of desalination equip-

Sotcliffe is paying £1.4m in cash for C&R-B, whose equipment is used on submarines and other naval vessels and on

About 60 per cent of its sales are made to military custom-

The Watford-based company, which was founded in 1989, made trading profits of £260,000 oo turnover of £3.4m in the year to March 31.

The acquisition comes almost exactly a year after Sutcliffe paid £3.38m for the water screening and filtration division of Hawker Siddeley.

Alan Cooper rises 33%

ALAN COOPER, maker of systems office furniture, raised its pre-tax profit by 33 per cent, from £1.32m to £1.75m, in the six months ended June 30 1989. It was achieved on turnover ahead 28 per cent to £5.54m (£5.12m). Earnings worked through at 10.93p (8.24p) and the interim dividend is 2.8p

(2.1p). Mr James Blyth Currie, chairman, said the strategy for growth remained based on the introduction of new products that provided access to emerg-ing fast-growing segments of the market.

Corres - Total

DIVIDENDS ANNOUNCED

| | payment | payment | dividend | year | year |
|--------------------|---------|---------|----------|------|--------|
| Arnotteint | 4.54 | | 4.5 | - | 12 |
| ASW Holdingsint | 4 | Nov 4 | - | - | 5 |
| Bowsterint | 8.5 | - | 7 | - | 15.25 |
| Cooper (Alan)Int | 2.8 | Oct 20 | 21 | - | 6.8 |
| Emessint | 1.2 | Nov 23 | 0.971* | - | 2.857 |
| Halls Homes 9int | 2 | - | 2 | • | 6 |
| LilleshafiInt | 1.25 | Dec 1 | 0.667* | • | 2.333* |
| Linreadint | 1.8 | • | 1.5 | | 4.75 |
| Murray Income | 4.7 | - | 4.6 | 8.21 | 7.1 |
| Persimmenint | 2 | Oct 23 | 1.5 | - 1 | 5 . |
| Porvair §int | 0.9 | - | - | - | 1.8 |
| Psion §int | .1 | - | - | - | 1.2 |
| Tech Projectint | 2.2 | Nov 2 | 1.8 | - | 5 |
| Unidareint | | - | 3.35 | - | 12.7 |
| Den / Laborate Lat | | | | | |

*Equivalent after allowing for scrip issue. †On capital increased by rights and/or ecquisition issues. §USM stock. §§Unquoted stock. §Third market. •Trish currency throughout. •Total of 9p forecast for current

| אווויייייייייייייייייייייייייייייייייי | 4 | MOA 4 | - | - | 5 |
|--|------|--------|--------|------|--------|
| Bowaterint | 8.5 | - | 7 | - | 15.25 |
| Cooper (Alan)Int | 2.8 | Oct 20 | 21 | - | 6.8 |
| Emessint | 1.2 | Nov 23 | 0.971* | - | 2.857* |
| Halls Homes §int | 2 | - | 2 | - | 6 |
| LilleshallInt | 1.25 | Dec 1 | 0.667* | - | 2.333* |
| Linreadint | 1.8 | - | 1.5 | - | 4.75 |
| Murray Income | 4.7 | - | 4.6 | 8.27 | 7.1 |
| Persimmenint | 2 | Oct 23 | 1.5 | - ' | 5 . |
| Porvair \$in1 | 0.9 | - | - | - | 1.8 |
| Psion §int | .1 | - | - | - | 1.2 |
| Tech Projectint | 2.2 | Nov 2 | 1.8 | - | 5 |
| UnidereInt | 3.55 | - | 3.35 | _ | 12.7 |
| Wilkes (James)int | 4.25 | Nov 1 | 3.5 | - | 7.75 |
| | | | | | |

Lilleshall rises

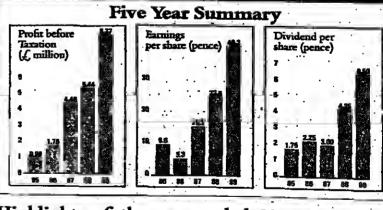
Lilleshall lifted profits 69 per cent in the six months to July £1.1m pre-tax against £648,000. Turnover advanced to £15.77m (£10.06m). Tax took £345,000 (£196,000), leaving earnings at 6.6p (4.3p). The interim is 1.25p (0.667p).

ELECTRICITE DE USD 400.000.000 FLOATING RATE NOTES **DUE FEB 1999**

The applicable interest rate for the period beginning on 31 Aug 39 and ending on 28 Feb 1990 as lixed by the reference agent is \$14 per cent per annum namely usd 458.78 by the denomination of USO 10,000.

January 31. Analysts are forecasting full TIP's trailer sales division, Mr year pre-tax profits of around £12.5m. TIP is paying an initial £5m

A further year of excellent results



Highlights of the year ended 31st March 1989

* Turnover:- up 37.8% at £262 million

* Pre-Tax Profit:- up 61.1% at £8.77 million

* Earnings per share:- up 70.3% at 40.2p

* Ordinary Dividend:- up 52.9% at 6.5p per share

* Gearing:- down from 45% to 19% * Revaluation of properties adds £7.7 million to assets

"Prospects for the group in the current year are good, and I have every confidence that further success will be achieved. It is intended to enhance progressively the dividend payment during the next few years"

John Douglas OBE Chairman

CONSTRUCTION - HOUSING & PROPERTY DEVELOPMENT - CONSTRUCTION EQUIPMENT & PLANT - MATERIALS SUPPLY & SPECIALIST CONTRACTING



On 11th August 1989 the Directors declared a dividend of US-Dollars 3900 per share payable on 15th September 1989 on all Participating Shares then in issue. Holders of bearer shares should present courson No. 8 on or after 15th September 1989 at the office of the Administrator, Julius Baer Bank and Trust Company Ltd., Butterneld House, Grand Cayman BAYL, or at the main cline of the Agent, Bank Julius Baer 8, Co. Ltd. Baphylofic payable 39, 84017 Stocks. Bank Julius Baer & Co. Ltd., Bahnhofstrasse 36, 8001 Zunch, Switzerland.

5th September 1989

By order of the Board Dollar-Back Julius Baer U.S. Dollar Bond Fund Ltd.

JB∞B

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D-MARK-BAER JULUS BAER D-MARK BOND FUND LTD. GRAND CAYMAN

DIVIDEND ANNOUNCEMENT

On 11th August 1989 the Directors declared a dividend of D-Mark 26,00 per share payable on 15th September 1989 on all Participating Shares then in issue. Holders of bearer shares should present coupon No. 8 on or after 15th September 1989 at the office of the Administrator, Julius Baer Bank and Trust Company Ltd., Butterfield House, Crand Cayman, BWL, or at the main office of the Agent, Bank Johns Baer & Co. Ltd., Bahrshofstrasse 36, 8001 Zunch, Switzerland.

By order of the Board D-Mark-Baer, Julius Baer D-Mark Bond Fund Ltd.

UK COMPANY NEWS

Siebe paying £7.5m cash for German tube maker

By Andrew Bolger

SIEBE, the controls, engineering and safety equipment group, is buying Metall-warenfabrik Schelklingen (Mefa), a metal tube manufacturer, for £7.5m cash.

Mela designs and makes rigid metal tube assemblies, which are used for antomotive power brake and power steering assemblies and in

man Federal Cartel Office has chief executive, said Mefa's expertise in rigid tubing com-

cleared the deal
Siebe has made the purchase
via Deutsche Tecalemit, its
wholly-owned subsidiary

Phoenix sells Rainham

ing at a loss for some time because of declining volumes

Anglesey shares. Associated Farmers: Brit-N is

now beneficial owner of 207,500 ordinary (10.2 per cent), held as to Brit-N 197,500 and NDS

Boustead: HTP Holdings has

acquired 950,000 ordinary, increasing holding to 15.15m

ordinary (23.2 per cent).

and pressure from Soviet timber exporters to reduce landing

plemented Tecalemit's know-ledge of flexible tubing and fil-led a crucial gap in the group's international armoury. The experience of both groups would be used to belp Siebe to attack the US market for automotive components.

He said Mefa, which made sales this year of DM50m (£16.3m) and employs 340 people in Ulm, Baden-Wu"rttemberg, would be expanded greatly.

Siebe has attracted criticism for issuing a flurry of paper to fund acquisitions over the past two years. Mr Stephens said that while the group was always on the lookont for "niche" acquisitions for cash, this deal did not mean that Siebe was back on the acquisi-

Mr Stephens repeated an assurance that Siebe did not expect to ask shareholders for funds in the current year.

Changes in company share stakes announced recently Anglesey Mining: Imperial Metals Corporation Group has sold 500,000 ordinary (2.1 per cent.), reducing holding to 45.7, per cent. IMC Group has stated that it has no present intention of disposing of any further Anglesov shares

National and Provincial

Building Society

Japanese Yen 10,000,000,000 Floating Rate Notes due 1995

hereby given that the raise of interest.

Thes bean fixed at 5. 45 per cent, per annum, and that the interest payable on the interest payment date,

Oth March, 1990 against Compon No. 3 will be

Yen 2,702,603 per Yen 100,000,000 Note.

f.G INDEX LTD, 9-11 GROSVENOR GARDENS, LONDON SW1W OBD

Tel: 01-828 7233/5699 An AFBD member Reuters Code: IGIN, IGIO

For the six months 6th September, 1989 to 6th March, 1990 In accordance with the provisions of the Notes, notice is ..

(6.26 per cent). Clarke Nickolls & Coombs: Clarke Nickolis & Coombs: Channel Hotels and Properties and Lloyds Bank (in its capac-ity-as-nominee) are interested in 2.07m ordinary (10 per cent). Kelt Energy: Dr A Marwan and funds under his management are beneficial owners of 3.3m 6 per cent cunvertible cumula-tive redeemable preference shares (10.16 per cent).

Kemp (PE) Holdings: Mr Luke Johnson has been appointed a director. Mr Johnson is a shareholder in Northwind,

Laird Group: Mr Alan H. Miller, director, has acquired 15,000 ordinary to lift holding

to 40,000 (0.05 per cent). London Cremation Co.: The Cremation Society of Great Britain acquired 2,000 10 per cent convertible preference shares at £1.04 each, taking its holding to 51,799 (31.9 per

Trust: Co-operative Insurance Society has acquired 100,000

20,000 at \$1.45 each on August 29 and 10,000 at \$1.375 each on August 30 - reducing his hold-ing to 920,000 (17.48 per cent). PWS Holdings: Opticford is to sell 9.2m ordinary (38.2 per cent) to a small number of institutional investors.

sig acquired 10,000 ordinary at 149p per share on August 9, and a further 10,000 at 150p each on August 22, making his holding 367,500 (5.7 per cent).
Vickers: IEP Securities, wholly-owned subsidiary of Industrial Equity (Pacific) is now beneficial owner of 29.75m ordi-nary(11.5 per cent). Wardell Roberts: Mr Kenneth

id a further 125,000 ordinary at I£1.20 following day, reducing his holding to 500,720 (3.1

(11.5 per cent).

FT 30 | FTSE 100 | WALL STREET | Sep. 1995/2004 +8 | Oct. 2420/2430 +6 | Oct. 2464/2476 -3 Prices taken at 5pm and change is from previous close at 9pm

Halls Homes | Lucas buys three fluid power halved at six months to £0.7m

HIGH UK interest rates were blamed for halving the first-half profits at Halls Homes & Gardens, the USM-qnoted designer, maker and distribu-tor of conservatories, garden buildings and home improve-

in the six months to June 30, they fell from £1.54m to £707,000 pre-tax, while turnover slipped from £16.44m to £15.18m

The company said that the first half had been extremely difficult in the consumer products market, resulting in a reduction of demand. Interest charges also con-tributed to the downturn, rising to £393,000 (£184,000). With tax halved at £247,000

(£538,000), earnings worked through at 4.4p (9.5p). The interim dividend has been maintained at 2p.

The company said that the export and traditional conservatory divisions had per-formed well, with the latter benefiting from increased com-

mercial orders from the lei-

Significant steps had been taken to reduce costs, includ-ing the reorganisation of production facilities, so that a major part of the freehold at Paddock Wood, Kent, can be

Pre-tax Profit

distributors for £7.35m

Lucas already claims to be

the world's largest independent distributor of fluid power prod-ucts. It says these acquisitions

are aimed at giving it growth rates and market share similar

because sales to the aerospace

By Richard Tomkins, Midlands Correspondent

LUCAS Industries, the The West German businesses aerospace, automotive and industrial group, has bought are Luftfarht-Technik and Ferdinand Mang Hydraulik. three three fluid power distri-bution businesses to add to its Together they have sales of DM14m (£4.56m), and Lucas is buying them for a total of DM7.2m (£2.35m). industrial division - one of them in Britain and the other two in West Germany.

The British business is Krug Power and Control UK, a fluid power distributor with sales of £5.6m. Lucas has acquired it

Aerospace margins help Linread rise to £1.56m

Birmingham-based industrial fasteners group, has continued last year's sharp rise in profits with a 27 per cent increase from £1.23m to £1.56m pre-tax in the six months to July 1.

Earnings per share were ahead 26 per cent at 8.43p (6.68p) and the interim dividend is raised to 1.8p (1.5p). Sales rose by 9 per cent to £20.35m and profits were fur-ther boosted by an increase of 1.1 percentage points in the pre-tax margin, taking it to 7.6

per cent. Mr Mike Hughes, chief executive, said the margin rose

Technology Project up 50% to £786,000 By Richard Tomkins, Midlands Correspondent

Lucas Industrial is also dis-

ley business in order to con-

Bradley's defence-related

microwave product range has been sold to Continental Micro-

wave of Luton for £647,000. The

sale of the remaining activities

expansion

under negotiation.

measurement and control.

Technology Project Services, the engineering staff agency, reported pre-tax profits of £786,000 for the six months to because sales to the aerospace industry, where margins were higher, had grown at 16 per cent while sales to the automotive industry had grown at 6 June 25, up 50 per cent from £522,000 last time. Turnover grew by 37 per per cent.

There had also been a further improvement in the comcent to \$6.64m (4.84m), tax took £280,000 (£184,000) and the interim dividend of 2.2p (1.6p) mercial products division, only recently brought into profit. came from earnings of 10.5p About 34 per cent of Lin-

(7p).
The company said the improvements been been achieved through organic read's ontput now goes to the aerospace industry and 49 per cent to the automotive sector. Mr Hughes said orders were still buoyant but he sounded a growth with a firm corporate commitment to continued geo-graphical expansion note of caution over the possible effects of an economic slowand broadening of the client down on automotive sales.

Jas Wilkes profits surge to £2m to those already won in the US.

PROFITS growth from £425,000 to £2m is reported by posing of its loss-making Bradcentrate on fluid power distribution and electronic James Wilkes for the first half of 1989.

However, so much had happened since a year ago that the 85 per cent advance in earnings per share would be a better guide to the group's perfor-mance. snggested the chairman Mr Stephen Hinch-

The group was now organ-ised into the two principal divisions of engineered prod-ncts and publicity and promo-tional products. Most compa-nies continued to trade ahead

of budget, he stated. Sine June 1988 the group had purchased Waterlomat SA, the Peter Stubs Gronp, Knigh-tway Air Charter, and Avon Transmission Services, and sold Cumbria Land Reclama-tion, Stubs Welding and the trading property bought from James Neill at the time of the Stubs acquisition.

It also purchased a strategic holding in James Neill; although there is a carrying cost of this stake, the directors firmly believe it will continue to be a sound investment.

Earnings in the half year came to 14.8p (8p) and the interim dividend is lifted to 4.25p (3.5p).

Cathory Schrepper Management proven in the Market Place. Cathory Schrepper Management proven in the Market Place. Cathory Schrepper

Casbury Schweppes



Sales £1,182.4m + 11.2%

Trading Profit £102.0m +14.4%

£94.9m +16.2% Earnings per Share 9.77p + 8.9%

Dividend per Share 2.80p +16.6%

Sales, profit and margin up against last year.

Continued emphasis on future growth, with marketing and capital investment programmes increased.

 Earnings per share up 8.9% (19.4% after adjusting 1988) for the one-time Advance Corporation Tax credit). Interim dividend up 16.6%.

 Proposed acquisition of Crush International, announced on 31 August, gives an exceptional opportunity to expand the Beverages business in international markets.

 Proposed acquisition of the Garden Cocktail and Tomato Clam Cocktail juice business of ED Smith & Sons Ltd develops Canadian juice business.

Board confident in outlook for the year.

Sir Graham Day, Chairman Cadbury SCI

The contents of this advertisement have been approved for the purposes of Section 57 (1) of the Financial Services Act 1986 by Coopers & Lybrand who are authorised by the Institute of Chartered Accountants in England and Wales to carry on investment business. Past performance is not necessarily an indication of future performance.

Charge Schwepper Management proven in the Market Place. Cathory Schwepper Management proven in the Market Place. Cathory Schwepper

NOTICE to the holders (the "Notcholders") of A\$115,000,000 151/2 Notes Due February 9, 1990 (the "151/2 Notes") U.S. \$250,000,000 10% Notes Due March 28, 1991 (the "10% Notes") ECU 100,000,000 9% Notes Due May 16, 1991 (the "9% Notes") EXXON GAPITAL CORPORATION (the "Issuer") -. guaranteed by EXXON CORPORATION (the "Guarantor")

FISCAL AND PAYING AGENT FOR THE 151/36 NOTES: Chibank NA. Chibank House 336 Strand London WCZR 1HB

OTHER PAYING AGENTS FOR THE 151/2% NOTES:
Cittbank, N.A. Cincorp FISCAL AND PAYING AGENT FOR THE 10% NOTES:

London ECAN AXIN OTHER PAYING AGENTS FOR THE 10% NOTES:

OTHER PAYING AGENTS FOR THE 9% NOTES:

CITIBANK, N.A. as fiscal and paying agent for the 151% Notes BANK OF MONTREAL

which is a major supplier of flexible polyamid tabing in Germany. Polyamid tubing is synthetic and has replaced rubber in many antomotive and industrial applications. machine tools. The West Ger-Mr Barrie Stephens, Siebe's

site for £5.75m

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Gistanholm

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to the reconstruction

r (13.39m

By John Thornhill PHOENIX Timber Group, the Essex-based timber products and building care services company, has completed the sale of its wharf, and an adjoining 17 acre site at Rainham, for £5.75m.

The wharf had been operat-

The proceeds of the sale will be used to reduce group bor-rowings, which currently stand at about £14.3m, representing a gearing level of just under 50 per cent.

tions trail.

SHARE STAKES

Chemoxy International: F&C Enterprise Trust has disposed of 50,000 ordinary (1.68 per cent) and now holds 186,000

which together with Stancroft Securities and Mr Nicholas Berry, is interested in 1.08m ordinary (23.91 per cent).

cent). New Zealand Investment

ordinary (1 per cent) at 111p per share making total holding 565,250 (5.65 per cent). Pacer Systems: Mr John C Ren-nie, chairman and chief execu-tive, has sold 30,000 shares —

Seacon Holdings: Mr Paul Prei

J Peare disposed of 10,000 ordinary at I£1.30 on August 23,

per cent). Vickers: IEP Securities, wholly-owned subsidiary of Indus-trial Equity (Pacific), is benefi-cial owner of 29.75 ordinary

Young Group: IEP Securities is now beneficial owner of 1.13m ordinary (12.09 per cent).

The 151/2 Notes are issued subject to and with the benefit of a Fiscal and Paying Agency Agreement date as of February 9, 1969 among the Issuer, the Guarantor and Citibank, N.A., as fiscal and paying agent, the first Notes are issued subject to the benefit of a Fiscal and Paying Agency Agreement dated as o March 28, 1969 among the Issuer, the Guarantor and the Bank of Montreat, as fiscal and paying agent, and the 92 Notes are issued subject to and with the benefit of a Fiscal and Paying Agency Agreement dated a May 16, 1969 among the Issuer, the Guarantor and the Bank of Montreat, as fiscal and paying agent.

May 16, 1989 among the leaser, the Guarantor and the Bank of Montreal, as fiscal and paying agent.

SUBSTITUTION OF PRIMARY OBLIGOR

NOTICE IS HEREBY GIVEN to the Noteholders that, pursuant to Section 6(b) and 6(c) of the terms and conditions of the respective 15½ Notes, 10% Notes and 9½ Notes (collectively, the 'Notes') with effect or and from September 6, 1989 with respect to the 15½ Notes and September 7, 1989 with respect to the 10% Notes and 19% Notes.

(1) Exacon Funding B.V. (the "Successor Corporation"), an indirect wholly-owned subsidiary of the Guarantor, incorporated in The Netherlands and established in 1-Gravenhage, will, pursuant to the provisions of a Supplement No. 1 to each of the respective Fiscal and Paying Agency Agreements, dated as of September 6, 1989 in the case of the 15½ Notes and September 7, 1989 in the case of the 10½ Notes and the 9½ Notes, among the Issuer, the Successor Corporation, the Guarantor and the respective Piscal and Paying Agent, be substituted in place of the Issuer as the primary obligor in respect of the Notes and the coupons (if any) appearaning thereto ("Coupons") and under the Fiscal and Paying Agency Agreements, and (2) the Guarantor will confirm its interocable and unconditional guarantee of the due and punctual payment of the principal of, interest on and any other amounts payable in connection with the Notes and Coupons.

(2) the Gustanian was composed of interest on and any other amounts payane in composed of the principal of, interest on and any other amounts payane in compose will not be overstamped or otherwise modified in any way. The Notes will, with effect from September 6, 1989 in the case of the 15½ Notes and September 7, 1989 in the case of the 10½ Notes and the 9½ Notes, be listed on the Luxembourg Stock Exchange under the name of the Issuer followed by the name of the Successor Corporation. A notice containing certain information regarding the Successor Corporation and a copy of the Articles of Association of the Successor Corporation has been lodged with the Greffer en Chef du Tribunal d'Arrondissement de et a Luxembourg, where the same may be inspected and copies obtained. Any Noteholder who wishes to inspect copies of the respective Fiscal and Paying Agency Agreement mentioned show may do so at the specified offices of the respective Fiscal and Paying Agent and other Paying Agents listed below:

Bank of Montreal

9 Queen Victoria Street

FISCAL AND PAYING AGENT FOR THE 9% NOTES:

GRANVILLE SPONSORED SECURITIES Yield % 3.0 5.1 9.8 22 19.1 5.4 -6.5 8.1 10.6 -5.1 3.6 8.6 -3.5 12.9 9.4 3.5 1.5 128 117 a.o 3.6 Securities designated (SE) and (USM) are dealt in subject to the roles and re-

Securities designance used and volume are dealt in subject to the rules and regulations of the ISE. Other securities listed above are dealt in subject to the rules of TSA. These Securities are dealt in subject you a matched bargain basis. Neither Granville & Co Limited our Granville Davies Limited are market makers in these securities.

* These Securities are dealt on a restricted basis. Further details available

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end the Warrants to the Official List.

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30.800.000

Following the approvel by shareholders at an Extraordinary General Meeting, held on

The Council of The Stock Exchange has admitted the shares issued by way of capitalisation

Copies of the Extel cards containing particulers of the Ordinary shares and the Warrants are

1st September, 1989, of a change in the investment policy of the Company, an Increase in the

euthorised share capital, a capitalisation issue of Ordinery shares and e bonus Issue of Warrants,

details of the issued share capital of the Compeny end the number of Warrants outstanding ere

available in the Extel Statistical Services and copies of the Circular issued by the Company to shareholders on 16th August, 1989, may be obteined during normal business hours on any weekday until 7th September, 1989 from the Company Announcements Office, The Stock

Exchange, 46-50 Finsbury Square, London EC2A 1DD and up to end Including 19th September.

5th September, 1989

500,000

Simply a question of bending the rules

David Waller on the practices employed by stores to massage their reported profits

HE STORES sector has underperformed the stock market by 37 per cent eince the beginning of 1985. There are sound industrial reasone for this - not least a profits performance grossly impaired by massive overcapacity and competition

– but one important factor in the derating process is a concern over the quality of the accounte produced by retailers.

The accountancy profession has stood helplessly on the sidelines as companies — often aseisted by ingenious mer-chant bankers — have taken full advantage of every accounting ambiguity to mas-sage their reported profits. Rarely are laws broken or accounting standards flaunted it is simply a question of bending the rules.

Perhaps the area of greatest concern is acquisition accounting, an issue of enormous com

Total

in issue post

bonus issue.

46,200,000

500,000

by way of

bonus issue

15,400,000

9,240,000

County NatWest Wood Mackenzie & Co. Limited

12 Throgmorton Avenue London EC2P 2ES

Drapers Gerdens

plexity on which the Accounting Standards Committee – the standards-setting body for UK companies – is deliberating at the moment. Other grey areas include: the capitalisation of interest, the

The industry has reached a point in terms of its maturity and competitiveness - where companies have been forced to increase their capital expenditure enormously

distinction between "extraordi-nary" and "exceptional" costs and the treatment of property profits and off-balance sheet finance.

None of these issues is specific to the stores sector. For example, one of the reasons for the lowly rating of FKI Babcock, the electricals and power group in the process of demerging itself, was investors' concerns over acquisition accounting. And the Midland Bank embarrassed itself in 1987 with a volte-face over the treatment of provisions for Third World debt - extraordinary at the half-year stage, exceptional at the end of the year. But pres-sures on retailers have made them unusually prone to adopt such practices.

"The industry has reached a point - in terms of its maturity and competitiveness where companies have been forced to increase their capital expenditure enormously," explains Mr John Richards, stores analyst at County Nat-West WoodMac.

Retailers have found themselves forced to spend money at an unprecedented rate simply to differentiate themselves from their rivals. The pressures for change have been enormous.
"It is a feather in the cap of a

young finance director if he can come up with a clever idea of how to mitigate the financial pain of all this activity. Once upon a time, his job might have been to hold the purse strings, to discourage unneces-

sary expenditure. Now the finance director is a Now the finance director is a facilitator: the board decides what to do and he finds a way of doing it with minimum impact on earnings per share."

One of the most obvious ways of avoiding earnings dilution is to take the costs associated with an acquisition through the balance sheet rather than the profit and loss account, as is permitted under the rules governing acquisition

the rules governing acquisition

accounting.

Take a simple example: company A spends £100m buying company B, which has assets of £30m. The difference between the two figures is goodwill of £70m. Under a pro-cess called "fair value account-ing", the whizz-kid finance director sets up a £5m provision to cover the costs likely to be incurred in the aftermath of the acquisition. The £30m net et value falls to £25m while goodwill goes up to £75m. The goodwill is written off against reserves; the £5m provision sits on the Company A'e balance

in the year after the acquisition, costs are charged against the provision rather than against the P&L. Earnings per share are boistered, the take-over vindicated and another one lined up. Meanwhile, the stock market remains in the dark about precisely what costs were provided for: did they cover redundancy costs arising as a direct result of the acquisition or refurbishment costs which would have been necessary - in the increasingly competitive retail world whether the acquisition had

gone ahead or not. (The fair value process also allows for the adjustment of asset values. This is very much open to abuse in the stores sec-tor, given the importance of stock to a retail business. A small adjustment to the stock figure could have a significant effect on reported profits.)

The music stopped after Black Monday when shares were no longer acceptable cur-rency in the mergers and acquisitions market. Without the insulation against costs afforded by acquisition accounting many companies reported falls in profit too sharp to be explained by mere deterioration in trading condi-

Under company law, the provision should be separately

identified as such in Company A's accounts even it is hidden under a caption such as trade creditors. Similarly, releases from the provision to the profit and loss account have to be disclosed if they are material

Now the finance director is a facilitator: the board decides what to do and he finds a way of doing it with the minimum impact on earnings per

that is, big enough to mat-

There would not have been so much disquiet among inves-tors and analysts if the rules that did exist were more scrupulously followed. Last month, the anditors to the Budgens eupermarkets gromp publicly acknowledged that the accounts for 1986 and 1987 had failed to disclose a 29m provision arising when the company - then known as Barker & Dobson - bought Budgens from Booker in 1986. Surely, many people in the City feel, this was not an isolated exam-

Better disclosure require-ment would have helped: it was only in July of this year that the Accounting Standards Committee came out with a ruling requiring companies to disclose the make-up of the provisions and to detail the amount of goodwill arising on an acquisition. Also required are details of adjustments made under the fair value pro-cess - to the assets and liabilities of the company acquired.

ther ways for the finance director to beef up profits range from raising finance off balance sheet to treating refurbishment costs as extraordinary rather than exceptional so that they do not impinge on earnings per

"The sector has only recently discovered design," observed Mr Richards, "Competitive pressures mean that

new formats have to be intro-duced every three or four years rather than every decade or so. In other words, costly refits are a fact of business life and it seems unjustifiable to say that they are in any way out of the ordinary and treat them as extraordinary or even excep-

tional."

He pointed to one company once the darling of the stock market and now something of an investment parish — which delighted the City by making very fast returns on new forvery fast returns on new formais. "It was no coincidence," he said, "that all these projects were started in the last month of a financial year. The start-up costs — and more besides — fell into one accounting period while all the revenues fell straight through to the P&L in the next."

Mr John Smith, an analyst at IBS Phillips & Drew, objects

UBS Phillips & Drew, objects to the way in which some companies juggle the profits arising from property sales. "The market is sophisticated enough to discount straight property sales," he said. "But development profits are given a better rating as though they are of better quality. Often all that happens is that the building is transferred to the development division and given a lick of paint before being sold off as a development."

Accounting ambiguities are clearly not the only reason behind the stores sector's lousy performance. But they clearly helped stimulate an atmosphere of uncertainty and mistrust among investors and a steady deterioration in the per-ceived quality of the earnings emanating from the retailers. What seems to be required is

(a) more disclosure and (b) tougher enforcement of what rules there are. With its rules on goodwill disclosure the ASC has moved - albeit rather belatedly – towards the for-mer. A general tightening of the standards setting process was set in motion by the the proposals made by the Dearing committee last autumn.

Unfortunately, the introduction of the new regime which envisages a Financial Reporting Council independent of the accounting profession— is being held up by squabbles between the Government, the profession, the Stock Exchange and companies over who exactly should pay for such a

Brierley has 7.5% stake in Hogg

TEP Securities, the UK investment vehicle of Sk Ron Brierley, the New Zealand businessman, yesterday dis-closed a 7.54 per cent holding in Hogg Robinson, the travel, transport and financial ser-

The company has been buy-ing the shares for the past five months. It was forced to dis-close the holding when it moved above 5 per cent moved above of the central through the recent purchase of a block of shares representing about 2 per cent of the capital. Hogg Robinson shares rose up to 155p yesterday, following the announcement of the IEP holding, capitalising if at

Ewart shares fall as talks end By Andrew Boiger

Shares in Ewart, a property developer based in Belfast, fell 13p to 123p after it announced that talks about a possible offer bave ended. The price jumped 22p to 142p a fortnight ago on news of the approach.
It came from two individuals who were mainly interested in the value of the company's stock market listing and the development value of its cold storage operation in

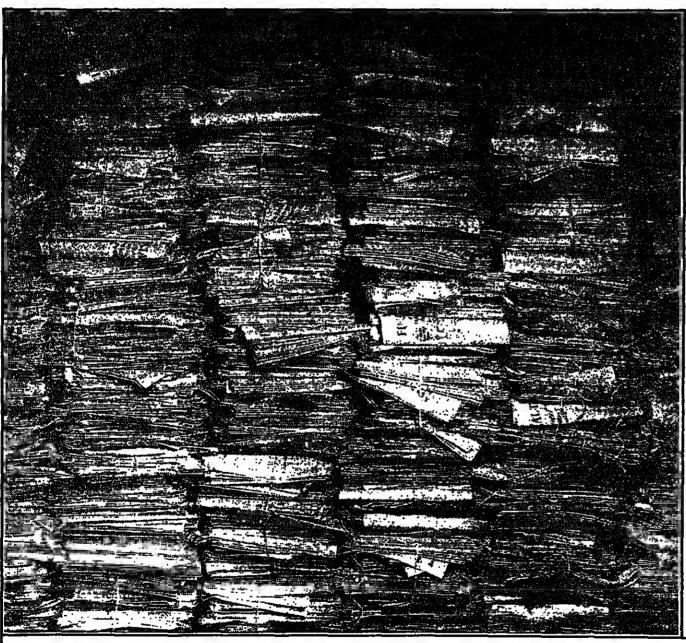
This business, based on a 17-acre freehold site at Sevenoaks, was bought for £6m in May 1988.

Lowndes sales improvement

Mr James Gulliver, chairman of Lowndes Queensway, had encouraging words on trading at the retailer's extraordinary general meeting yesterday. He said cooler weather had led to an improvement in sales in recent weeks, and a national sale of furniture and

Mr Gulliver also said that 28 refurbished Carpetland stores were showing trading gains. The meeting approved the £18.5m rights issue, which was announced last month as part of a refinancing package. Lowndes shares closed 4p higher at 29p.

carpets had got off to a good



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TECHNOLOGY

On the day that Peugeot brings its new 605 saloons into production, John Griffiths assesses the drive towards automation at the company's Sochaux works

group might not have moved heaven, but it has shifted a huge amount of earth and even a river to bring into production its new 605 range of executive The car itself forms an important ingredient of Peugeot's ambitions to capture leadership of the West Euro-

pean motor industry.
But it is at least matched in importance by the FFr 9bn (£870m) investment in the plant that is producing it at Sochaux, near Basle. When it is completed, in 1994, the programma is intended to take France's single largest indus-trial site both into the 21st century and on to a new plateau for the group in terms of manufacturing technology and methods of working.

केंग्राचे को शह

The aim, like similar investments made by Fiat at its showcase plant at Cassino in southern Italy and by Volkswa-gen at its Emden facility on the north-eastern tip of West Germany, is designed to pro-vide Peugeot with the quality, flaxibility and productivity needed to be competitive in the 1990s, particularly against the onslaught expected from Japa-ness manufacturers when their European transplants - nota-bly those of Toyota, Nissan and Honda in the UK - are fully on stream from the mid-

By some, admittedly rough, yardsticks, the Sochaux 2000 programme will still leave the plant looking relatively unproductive, even in comparison with those of Emden and,

in particular, Cassino. For even when it reaches full production of 1,850 cars (of various types) a day — around 400,000 a year which is similar to Cassino — it will employ a total of 23,000 people, compared with 7,000 at Cassino.

Jean-Louis Silvant, director of production for Automobiles Peugeot, is quick to point out that there are significant differences between the French and Italian plants - not least a foundry and other engine and driveline component manufacturing, whereas Cassino imports all its running gear from other Fiat plants.

Silvant acknowledges that this still leaves 18,000 at Sochaux involved in broadly comparable processes to Cassino. Yet even then such comparisons remain potentially



ath the skin of the Peugeot 605: the new executive car is largely made from compone

From screen to road à grande vitesse

more luxurious forms, is a much more complex, and hence more labour intensive, car to build than the compara-tively simple Tipo hatchbacks and the soon-to-be-launched

Type 3 model.

Peugeot executives place rather more stress on other benefits arising, and yet to arise, from the investment pro-gramme at Sochaux. These include processes of pressing and asse mbling a variety of car bodies, of differing sizes and at random, on the same robotised lines, without retooling.

The Sochaux facilities of this type differ from Emden or Cassino only in detail, not in concept. But what Peugeot officials valua them for is the contribution they should make to cutting the lead times needed to bring new models into production: What Peugeot and other

European manufacturers are finding so daunting about the Japanese challenge is the sheer pace of introduction and the diversity of new models. Toyota, for example, expects to launch in the UK at least five "new from the ground up" models next year, according to misleading because, for exam- Alan Marsh, chief executive of

Silvant says that he expects the Sochaux facilities to help Peugeot to take new models duction line in three years, rather than the current four. That is still behind the leading

Japanese makers who, he esti-mates, are capable of producing a new range in 21/2 years. But even the Japanese pro-ducers are starting to wonder whether this is becoming too much of a good thing. Honda, for one, is aware of the prob-lems of consumer and dealer resentment over modals becoming obsolete too quickly and excessive parts inventories, as happened when the Japanese motorcycle makers threw too many new bikes at the market in the early 1980s in an ultimately unsuccessful

bid to prop up falling markets. At Sochaux, Peugeot appears to have raised "just-in-time" (JIT) inventory concepts rather higher up the league table of priorities than Fiat or Volkswagen as a means of reducing its costs burden.

Indeed, according to Peugeot executives, the JIT concept is the guiding principle in the overall reorganisation of the Sochaux facility, which currently produces the company's highly successful 405 as well as the new 605.

The ground floors of both the fully automated lacquer plant and the final assembly lines include extensive areas for trucks to unload parts and materials, which are fed directly to the relevant point on the assembly line in specially designed containers. As is common practice with JIT, there is no inspection of

parts by Peugeot. Instead, it has 105 suppliers for the 605, for axample, which operate under what Peugeot calls its Supplier Quality Assurance scheme, and on which the company depends to maintain preagreed quality criteria in exchange for secure, long-term contracts.
Of these, 59 will be required

to deliver their components to the plant between four and 11 times a day, depending on the nature of the components. "Many are setting up work-shops or bridgeheads close to us - maybe some 10 to 15 kilometres from Sochaux," says Silvant. The economics of this are helped, for some of the sup-pliers, by the presence - also only a few kilometres away -

where French production of less expensive models, such as the 205 hatchback, is centred.

These arrangements still do not mean that Sochaux keeps only enough parts for an hour or two's production, as is the case with some plants in Japan. But they do mean that Peugeot has been able to cut its overall inventory level to between four and five days, compared with 20 days 10 years ago, says Silvant,

As a result, the expensiveto-fill pipeline between receipt of order and the finished car has been shortened to 15 days from 24. Silvant says that eight days is an achievable goal. Some FFr 5bn have already been spent on the Sochaux pro-

gramme - a sum which included moving the river Allan in order to add 11.6 hectares to the 264-hectare site. Among the facilities are:

• A new foundry, which uses the "lost form" process for what Peugeot claims is the first time on an industrial

scale. A replica of the part to be cast is made of gasifiable polystyrene, which disappears during the casting process. It is said to reduce the cost of components by between 10 and 40 per cent

 A revamped press shop, in which 166 fully flexible presses are each capable of producing 17 different parts at a rate of 15 per minute, and a robotised, fully automated axle-machining and assembly centre. A 362 m long, 1,850 cars-

per-day paint plant, which will be capable of operating auto-matically on a 24-hour day basis. It includes a 30,000 sq m "clean room" with virtually dust-free air and 280 programmable logic controllers operated by 43 consoles and three computers.

Installation of the new facilities is going hand-in-glove with extensive training programmes which, Peugeot says, are as integral to the improvement of quality and productivity as any of the plant and equipment. Some 600,000 hours of training is going on each year, repre-senting 3.5 per cent of the total wage bill.

One installation, however, is more "bio-tech" than "high-tech". The equipment which gives the car bodies an antistatic wipe before they enter the lacquer plant consists of rotating drums of emu feath-

An emu farm, however, is not on the list of JIT suppliers.

Comeback for the returnable bottle

FIZZY drink manufacturers are close to re-introducing tha returnable bottle. But whereas, in the good old days, the bottle with the

tuppence refund was made of glass, GE Plastics has developed one made of plastic. According to the company, axisting production chains for washing, sterilising and refilling bottles will need little modification to accommodate the new plastic

The bottles are made from polycarbonates, the sort of used for bables' bottles. But the problem with using plastic bottlea is that they ellow gases to pass through - loss of carbon dloxide leaves a

fizzy drink flat. GE has combatted the problem by sandwiching e layer of specialised nylon between two layers of polycarbonates to act as a barriar to the carbon dloxide. The company, which is still conducting tests, believes that the bottles could be re-used about 40 times.

The lightweight bottles — complete with "green" appear — ahould be available towards the and of pext year.

Converting gas on the spot

NEW TECHNOLOGY for converting natural gas to petrochemical products is to have its first large-scale (£410m) plant which Shall is to build at Bintulu to Malayaia, writes Cliva

At the heart of the Shelt Middle Distillate Synthesis plant is a catalyst which can produce a wide range of hydrocarbons, from light paraffins to petroleum fuels

and heavy waxes. The catalyst, developed at Shett's Amsterdam laboratories, converts 90 per cent of naturat gas to useful products - a much higher yield than previous conversion processes. But the company refuses to discuss its chemical details.

Shell sees its Middle Distillate Synthesis technology as an Important devalopment for countries such as Malaysia, which have large gas reservas far from markets. It can convert these into valuable and easily transportabla liquid hydrocarbons,



WORTH WATCHING

Edited by **Della Bradshaw**

A way to foil the heat

AS WINTER approaches, many northern European will be considering insuleting their lofts to keep out the cold. In warmer climes peop face the problem of how to prevent hot air getting in through the roof.

One solution is to install a radiant berrier on the inside of the roof. Lamolite, of Cleveland Ohio, has developed one which looks tika kitchen foll and is a layer of tough polyester sandwiched between two thin neets of aluminium foil. The materials are glued together with fire retardent adhesives and reinforced with woven glass fibre so that tha material will not tear when

it is stapled to the roof. Aiready on sele in southern states of the US and aoma parts of Africa, countries In steamy southern Europe are also likely targets for tha

Hot tips on freeze drying

FREEZE drying is used to preserva more than just coffee. It is also one of the main ways of giving blochemicals, such as peptides and enzymes, a

longer shalf-life. Although it has been used by the biochemicala industry for some years, freeze-drying — which turns the water in substances into ice so that it can be easily removed is still rather haphazard. To try to prolong the efficacy of blo-chemical

Paira, of Basildon in the UK. haa set up a service to advise biochemicals companies on how to improve the process

The company can aither recommend the best freeze-drying production method for e particular formulation, using information held on its database, or it can carry out an avaluation at the company's site.

A streamlined

overhaul system THE TECHNICAL paperwork needed to maintain a fleet of airliners le monumental, end much of It is pictoriel wiring diagrams or skatches

of components. With public concern focused on the maintenence of ageing aeroplanes, airlina companies are turning to computers to

record the text and pictures. All Nippon Airways (ANA) of Japan has taken the plunge with a packaga from BH Publication Systems, of the US. The first stage of the computerisation program

— which will store and

process tha information — will be installed next week. With the ANA system, the sequance of tasks to be parformed at each check-up la fed Into a Hitachi mainframe, elong with documents end diagrams of When the ovarhaul is due. the computer prints out the

appropriate documentation — diagrams included. ANA estimates that the time takan to get togethar the computerised documentation is about one hour for each overheul, compared with more than a day when using sets of paper manuals.

Electronic mail from mid-ocean

IT WILL certainly take more than 80 days for this year's yachting participants in the Whitbread Round the World Race to reach the liniah. For those aagar to find out

how they are taring, Telecom Gold has set up a service to deliver the latest information. Each yacht transmits data on its position via satellite to a computer centre in

average speed of the yacht and the distance left to travel. Yacht-loving subscribers gain access to the service by telephone line, using a PC and a modem.

interpreted to calculate the

Portsmouth, where it is

CONTACTS, GE Plastics; Holland, 1640 32497, Shali Infernational, London 934 4488, Larro-thic: US, 216 B83 8484, Pafra: UA, C988 298056 ANAI, Japan, 3 272 1212. BH Publication Systems: US, 216 264 9050, Telecom Gold; UK, 0442 237388.

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look of the 21st Century.

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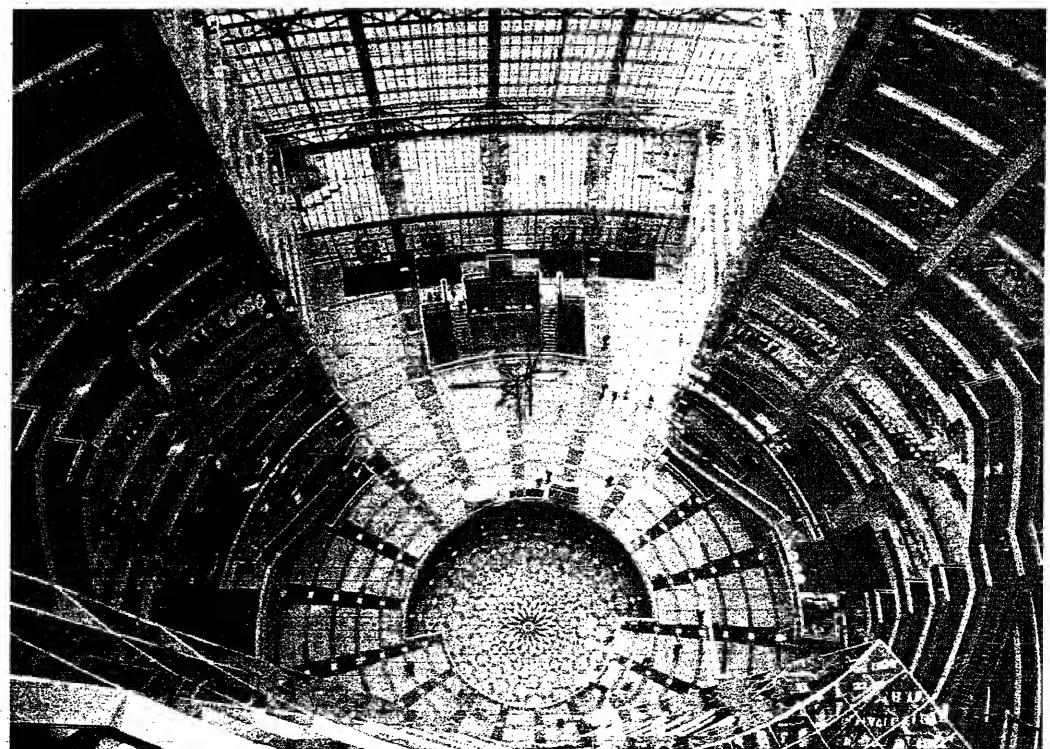
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COMMODITIES AND AGRICULTURE

LME stocks rise bursts zinc price bubble

High grade cash metal

Jun

bullish about zinc's prospects

this year because there would be a deficit in supply compared

price et an average of 77 cents

a lb (\$1,697 a tonne) for 1989 as

a whole against an average of 56 cents last year.

Slowing economic growth and extra supplies of zinc, partly attracted by high prices

and partly from the new Red Dog mine in Alaska, would create a 100,000 surplus next year, Mr Moore predicted. This would take the average price for 1990 down to 55 cents—

still relatively satisfactory for

zinc producers who for some years had to make do with 32

cents to 35 cents a lb for their

That should hold the zinc

(\$ per tonna) 2000 :--

1700

By Kenneth Gooding, Mining Correspondent

ZINC PRICES fell on the London Metal Exchange yester-day after the LME revealed that its stocks of the metal had risen to the highest levels for five years.

Analysts suggested that a

great deal of metal bought for security reasons before the recent national miners strike in Peru – which produces 11.5 per cent of the non-communist world's zinc supplies – bad quickly found its way to LME warehouses after that strike had crumbled last week.

The price of zinc was also huoyant because of the Peru-vian threat and a technical squeeze in nearby delivery dates on the LME. "Holders of zinc metal decided that with. such e splendid price on offer, the opportunity to officad stock to the terminal market was ideal," said Mr Nick Moore, metals analyst with Ord Minnett, the securities

house.
LME zinc stocks were up hy
6,675 tonnes last week to 58,275 tonnes, the highest level since July, 1984. Stocks of the metal

rose 108 per cent during the month of August alone. The LME price of Special High Grade zinc for immediate delivery fell by \$165 a tonne from Friday's level to close at \$1,780. Three-months metal slipped by \$25 a tonne to

Mr Moore said he remained

Australian uranium sold at

THE AUSTRALIAN Government has approved uranium export contracts at a price of US\$26 a lb of uranium oxide, \$5 below its official floor

price, following a review of its pricing policy.

The Cahinet decision paves the wey for a possible increase in Australian uranium exports at lower prices. The country's producers - limited to three hy government restrictions -have recently been losing out

An announcement yesterday by Mr John Kerin, Minister for ers who were also shareholders

of the company. ERA is 65 per cent-owned hy the North Broken Hill Peko resources group, and operates the Ranger uranium mine in the Northern Territory. The settlements were with two util-ities, the Kansai Electric Power Company of Japan and OKG of Sweden, and cover shipments to be made in 1990 and 1991. Explaining the decision, Mr Kerin pointed out that the contiation of pricing arrangements

market and the standing of the buyers as sharebolders. But while he insisted that the floor price requirements in all other existing contracts remained unchanged, he went on to state that, on new contracts, the floor would be set at a level "which reflected the national interest in particular

are negotiated." Prices, he stated, would have to be comparable with those

some 40 per cent of Australia's current exports of uranium.

£/tonne

discount

By Chris Sherwell in

on sales in the glutted world market, where the spot price has dipped to \$10 per lh.

Primary Industries and Energy, said the settlements which had been approved were between Energy Resources of Australia and overseas custom-

tracts were not new, saying the settlements "represent re-negomid-wsy through long-term contracts." He said \$26 was appropriate for these contracts" in light of the uranium

circumstances and market conditions in which the contracts

being received by others in the market, "As with other minerals to which export controls apply, the Government's con-cern is to ensure that Australia receives fair and reasonable prices for the export of these community resources," be said.

The decision on the floor price had been taken, he added, because of the renegotiation of settlements covering

- 11.900to 85.825

WORLD COMMODITIES PRICES

minium, 99.7% purity (5 per tonne)

Difficult questions after an easy harvest

Crop estimation is an inexact science, but getting it right is more important than ever

IVE GENERATIONS of my farming family, to my certain knowledge, have made the same comment have made the same comment each year on the day they fin-ished harvest. "Anybody who hasn't got it done hy now deserves to lose it."

Quite apart from the "I'm alright Jack" aspect, it is a reflection on the perennial bat-tle to bring in the grain against

the to bring in the grain against the normally fickle British cli-mate. And the harvest month of Angust is usually more

But not this year. We were rehearsing our little ritual on August 22 this year and many of our neighbours had completed before us. It was the ear-liest harvest I could remember and the almost continual fine weather made it one of the In a normal season, what-

ever that is, we would expect to be harvesting until at least September 7. I can personally recall only three other occasions when the joh has been completed on this farm before the end of August. They were in 1947, 1959 and 1976. Moreover, with very few exceptions where the work has been delayed for some reason, the English harvest is now

complete. The same is true of southern Scotland although farther north many farmers have 20 to 30 per cent of their acreage still to do. This is the area of Britain

where most rain has fallen over the last couple of weeks



By David Richardson

stopping combine harvesters for long periods. In the south, meanwhile, where the job was already done and soils were rock hard, farmers would have welcomed a few downpours.

In any event the national sport of estimating the total outturn of the harvest has begun. It is not a new sport it has gone on for years with merchants allegedly pitching their figures high in order to talk down prices and farmers more modest in their public expectations for the opposite reasons. (It is different in the puh where they only talk about their best yields).

This year's harvest is a par-ticularly difficult one to esti-mate. On the one hand many spring-sown crops of barley and wheat have been disastrous; on the other some autumn sown crops, particularly of wheat, have broken

It is, however, more important than ever, in these days of co-responsibility levies and EC stabilising adjustments for commodities deemed to be in surplus, that the ultimate official estimate is accurate. The level of Community support price and/or future deductions for over-production depend on

Last week for instance the

Last week for instance the EC Commission announced its estimate of this year's Comminity oilseed rape crop. The total was put at 49m tonnes, 100,000 tonnes higher than had previously been estimated and 8 per cent above the 4.5m tonnes maximum guarantee limit. On the face of it this should trigger a cut in institushould trigger a cut in institu-tional price of 4 per cent. But because the tonnage produced this year was significantly less than last year's 5.2m tonnes the ex-farm price, when inter-vention huying begins in November, will in fact rise £7 per tonne to about £277 in the

Peas and beans grown for animal feed protein are also subject to similar calculations. The EC maximum guaranteed quantity of a combination of these crops is 3.5m tonnes. This year the Commission has estimated that across the Community 4.06m tonnes has been produced which leads to a nominal price cut of 9 per cent Bnt because production this year was lower than last the snbsidy will in fact be increased marginally giving UK growers an extra 1.5 per

But although all the crops mentioned above are gathered through combine harvesters by far the most important is of

far the most important is of course cereals.

The Council of Agriculture Ministers is not scheduled to announce its estimate of those crops until the 25th and 26th of this month but merchants and farmers across the Community are making propositions in the are making suggestions in the hope of influencing the official

figure.

In the UK unofficial estimates for the wheat harvest range from 14m tonnes to 16m tonnes; for barley from 6m to 7m tonnes; and for oats from 660,000 to 750,000 tonnes. An arbitrary mean of all the estimated of the state of the sta arbitrary mean of all the esti-mates made so far puts the total figure at ahout 22m tormes and I would not expect

that to be far wrong.

But the estimated size of the total Community crop is what decides the size of the net coresponsibility levy on this year's production and whether or not there is a further cut in intervention price for next intervention price for next

For instance, if this year's total EC cereal harvest is less than 164.8m tonnes growers will receive a proportionate refund on co-responsibility levy already paid on account of grain sold from this harvest. At the same time however if the total harvest is thought to exceed 160m tonnes next year's intervention price will be reduced by 3 per cent. Current estimates from

European sources appear to range from as low as 158m tonnes up to 161m tonnes. The figures are therefore delicately poised and the Council of Ministers estimate at line and of the month may have to be more political than statistical. Frankly the whole system is a nonsense. Estimating the size of crops is, to say the least, an inexact science and to say the

inexact science and to say the worst a lottery. Farmers and worst a lottery. Farmers and merchants are forced to trade in the new crop before knowing what the politicians will decide and the delay and the complication are totally unsatisfactory for both sides — and that is quite apart from attention. that is quite apart from general antipathy to the co-responsibility system which cuts returns to growers without passing on the benefits to end users and is therefore antagonistic to mar-

ket forces. The various systems of set-The various systems of setting prices are scheduled for review along with the whole principle of stabilises before 1992. I am not alone in hoping they eventually adopt a fairer, more predictable and stable method, such as, for instance, basing calculations on a three-year rolling average.

year rolling average.

Meanwhile text years crops are already being planted. Over the last few days tens of thousands of acres of oil seed rape

has been sown.

According to best agronomic advice the last few days of August and the first few days of September are the options time to plant

Sucden rumour sends cocoa market lower

By David Blackwell

COCOA PRICES fell sharply vesterday morning on the London Futures and Options Exchange (Fox), where trading was stopped for 15 minutes when the December contract breached the £40 a tonne limit.

The losses followed a wave of selling triggered by market rumours that Sucre et Denrées. the French trade bouse which has close links with the Ivory Coast, would take delivery in October and November of 100,000 tonnes of lvorian cocoa which it bought earlier this year. Sucden refused to com-

However, during the afternoon prices recovered some of the losses, and the December

a fall of £24 on the day. Analysts said the sudden fall had taken the market by surprise. One suggested that Sucden might have arranged with the lvory Coast to sell some of the 200,000 tonnes of Ivorian cocoa the company has in store

and replace it from later deliveries.

The fall was also fuelled by

news that Cameroun, the sixth biggest cocoa producer, had almost halved the price it pays famers for cocoa. Earlier this year the Ivory Coast, the biggest producer, cut prices

 London Fox said yesterday that volumes for its traded options rose to a record 23,151 lots in August, an increase of 46 per cent over the previous record set in July. Mr John Brackley, chairman of the Traded Options Market,

said the exchange was very pleased with the substantial increase in options volumes over the past few months. which showed increasing commitment form market mem-

Total futures and options volume for the exchange was 386,197 lots last month, compared with 363,659 lots last

COCOA - London FOX

Abu Dhabi claims Australian sheep died in quarantine

By Hunter Reynolds in Abu Dhabi

AUSTRALIA'S CLAIMS that its exports of sheep have been unfairly rejected by the health authorities of Saudi Arabia and the United Arah Emirates took a severe knock yesterday when it was announced that 5,360 sheep had died over the weekend while in quarantine in Abn

A statement issued by the Ahn Dhabi municipal authority did not reveal what exactly exactly killed the sheep, which were part of a consignment of 17,000 which had earlier been rejected by local inspectors as unfit for human consumption. They were due to be re-exported from the UAE later this

The Bahrein-based head of the Australian Meat and Livetock Corporation, Mr John Wotton, said then that no official reason had been given for the rejection, although local inspectors were reported to have found evidence of Maltese

Yesterday Mr Wotton, said that he had not been officially

(Prices supplied by Amaigamated Metal Trading)

Ring turnover 18,525 tonne

High/Low AM Official Kerb close Open Interest

informed of the subsequent deaths and refused to comment on the possible implication for the continuing trade row between Australia and Saudia Arabia and the UAE.

On Saturday, the authorities in Ahu Dhabi announced a major tightening up of health regulations for the import of livestock. From now on all live animals will be tested by health inspectors before they are allowed to be off-loaded from incoming vessels.

Australia exports about 6m sheep a year to Gulf countries, worth over A\$200m (£97m). Saudia Arabia is the biggest market, accounting for over 3.5m sheep a year.

Chris Sherwell writes from

Sydney: Two ships were unloading Australian sheep at Saudi ports yesterday, despite Canberra's ban on the trade hecause of the dismits and despatched to Saudi Arabia to belp establish acceptable testing procedures have hecause of the dispute with Riyadh over veterinary checks, Australian officials said.

An official at the Minister for Primary Industries and

Energy reported that one ship

was unloading 63,000 sheep at Dammam in the Gulf, the other was discharging 18,000 sheep at Jeddah on the Red Sea.

He added that a third ship, carrying more than 100,000 sheep, was due in the region soon. All three cargoes were en route for the Middle East when the ban was imposed.

The ban arose out of the Saudi authorities' rejection of a five different shipments of some 294,000 sheep because of suspected blue tongue disease and sheep pox. Australia donhted the veracity of the tests, complained over a lack of access for its vets and said most of the sheep were given a clean hill of health at other Gulf ports.

Two Australian veterinariwhile returned after failing to see the relevant Saudi officials. The Saudi Agriculture Minister, the key political figure involved in the dispute, is said to be on holiday.

India sees opportunity in coffee free-for-all

COFFEE GROWERS and Sivaraman said. Sivaraman said. "The free maindia must take advantage of next two years the suspension of world export quotas to boost coffee sales abroad, report Reater from Cooncor.

"A free market is a boon for India not a curse," Mr M.R. Sivaraman, a senior Commerce Ministry official, told a United Planters Association of Southern India conference.

Indian exports had been con-strained by quotas but following their suspension in July it was time for traders to become more competitive, he

Quotas were suspended after importing and exporting members of the international Coffee Organisation failed to reach agreement on a new accord. They decided to extend the current pact without export quotas for two years to Sep-tember 1991. Quotas were used a humper crop of 217,000

to support world prices by lim- tonnes in 1988-89 (October-Sepiting supply. "The next two years are cru-cial and India needs to export Indian coffee growers up to 150,000 tonnes of coffee recently forecast a big drop in

"The free market for the next two years has to be viewed as an opportunity for India to dispose of the otherwise undisposable surplus under a quota system, said Mr G.Y. Krishnan, chairman of the Coffee Board

offee Board. However, Mr Anii Bhandari, vice chairman of the Karnataka Planters' Association, and prices had slumped by about 40 per cent since quotas were suspended in July. "We are worried mainly about falling prices in free market conditions where coffee producers will be competing with each other," he said.

The Coffee Board is urging increased exports to the Soviet Union where India has a trade accord allowing for payment in

Îndia will have an exportable tember) and carryover stocks

annually before the new system comes into force," Mr

London Markets

COFFEE prices firmed yesterday, and the second position robusta contract closed et £815 a tonna - tha first time it has closed ovar £800 since July 21. Dealers said the trend mostly reflected currency factors end chart coneideratione, with physicals quiet end no fresh fundamental naws of mild optimism over the upcoming eased in quiet trading in the ebsence of trading on Comex. But dealars eaid that underlying sentiment remained bullish, with e long list of mine problems. Chila's Salvedor copper mine is still on strika end there ara continuing problems et Highland Valley in Canada, Cananea in Mexico and Bougeinville in Papua New Gulnea, they noted. Aluminium prices wera ady after a fall of 11,900 tonnes in

| LME werehouse stocks | 5. | |
|---|---|--|
| SPOT MARKETS | | |
| Crude oil (per barrel FOB) | | + 01- |
| Dubel Breni Blend W.T.I. (1 pm est) | \$15.50-5.80w \$17.40-7.45 | |
| Oli products (NWE prompi delivery per k | onno CIF) | + or |
| Premium Gasoline Oas Oil Heavy Fuet Oil Naphtha Petroleum Argus Estimates | \$199-201 8163-164 \$83-85 \$155-157 | +1 +0.5 |
| Other | | + or - |
| Gold (per troy oz) \$\frac{1}{2}\$ Silver [per troy oz) \$\frac{1}{2}\$ Platinum (per troy oz) Palladium (per troy oz) | \$359.0 508c \$472.1 \$133.35 | +1 +0.85 -0.15 |
| Aluminium [free market] Copper [US Producer] Lead (US Producer) Nickel (free market) Tin (Kusta Lumpur market) Tin (New York) Zinc [US Prime Western] | 51800 137 %-141c 40.5c 565c 22.97r 404c 83 4c | +5 +3 -5 +0.42 -1 ₂ |
| Cattle [live weight]† Sheep [dead weight]† Pigs (live weight)† | 117.94p 150.72p 98.13p | +0.65 -1.32 +4.77 |
| London daily sugar (raw) London daily sugar (white) Tate and Lyle export price | | +1.0 +1.5 |
| Barley (English feed) Melze (US No. 3 yellow) Wheez (US Dark Northern) | £105.5 £125 £126.5t | -1.13 -3 |
| Rubber (spot) ♥ Rubber (Oct) ♥ Rubber (Nov) ♥ Rubber (NL RSS No 1 Sep | 58.25p 61.25p 62.00p) 237.0m | -0.25 -0.25 -0.25 -1.0 |
| Cocomul oil (Philippines)§ Palm Oil (Maleyslan)§ Copra (Philippines)§ | 5490v \$322.5 \$300 | -25 |
| Soyabeans (US) | £173 81.3c | -1 -1.2 |

c-cents/ib. r-ringgit/kg. y-Oct/Nov. x-Oct/Dec. I-Aug/Sep. v-Sep/Oct. w-Oct. †Meat Commissio average fatstock orices. * change from a week WLondon physical market \$CIF Rotterdam.

| | | Close | Previous | High/Low | |
|---|------------|------------------|---------------------------|---|---|
| | Sep | 762 | 786 | 784 734 | |
| | Dec | 821 | 845 | 830 802 | |
| | Mar | 785 | 513 | 786 780 | |
| | May | 790 804 | 820 835 | 797 789 513 804 | |
| | Sep | 820 | 850 | 826 819 | |
| | Dec | 844 | 878 | 865 844 | |
| | Turnove | r. 8403 (3 | 775) (ots o | f 10 tonnes | |
| | ICCO in | dicator p | rices SDR | s per tonne). Dai | Ŋ |
| | price fo | Sep 1 9 | 65.25 (979. | s per tonne). Dai 87) :10 day avera | K |
| | tor Sep | 4 954.38 | 1801-30) | | _ |
| | COFFE | E - Lond | ion FOX | £/toni | × |
| | | Close | Previous | High/Low | _ |
| | Sep | 798 | 780 | 799 790 | |
| | Nov | 815 | 795 801 | 818 800 825 815 | |
| | Jan Mar | 824 845 | 818 | 842 829 | |
| | May | 856 | 826 | 855 640 | |
| | Jul | 878 | 850 | 281 870 | |
| | Sep | 900 | 570 | 886 | |
| | Turnove | r: 3741 (3 | 088) lots o | f 5 tonnes ents per pound) 1 71.36). 15 day ave | |
| | ICO Ind | Comp pri | ces (US c | ents per pound) ? | 0 |
| | age 68. | 70 (68.36) | msy 11.01 (| 71.30). 15 009 EV | " |
| | SUGAR | | e FOX | (\$ per torm | - |
| | Raw | Close | Previous | High/Low | _ |
| | | | | | |
| | Oct Dec | 285.80 | 296.40 258.80 | 296.40 294.60 287.00 | |
| | Mar | 281.40 | 281.80 | 281.80 280.00 | |
| | May | 277.00 | 277.00 | 276.60 276.00 | |
| | Aug | 273.00 | 272.00 | 270.00 | |
| , | Oct | 264.60 | 285.00 | 265.00 | |
| | White | Close | Previous | High/Low | |
| | Oct | 422.00 | 422.00 | 423.00 420.00 | |
| | Dec | 386.50 354.00 | 385.50 353.50 | 367.00 384.50 355.00 351.50 | |
| | May | 350.50 | 350.00 | 351.00 | |
| | | | 3 11679Uob | of 50 tonnes. Wh | + |
| | 790 (12) | 32). | | | |
| | Paris- V | White (FFr | per tonne): 360. Aug 2 | Oct 2830, Dec 256 349, Oct 2325, | Ų |
| | | | | | _ |
| | CRUDE | | PE | \$/ban | • |
| | | Clos | | | _ |
| | Oct | 17.36 17.26 | 17.20 17.13 | 17.36 17.22 17.27 17,11 | |
| | Nov Dec | 17.15 | 16.95 | 17.15 17.10 | |
| | IPE Ind | ex 17.15 | 17.24 | | |
| • | Turnove | er. 3346 (6 | 101 | | |
| | QAS C | L IPE | | \$/torv | n |
| | - | Close | Previous | High/Low | Ī |
| | Sep | 160.75 | 159.25 | 160.75 159.80 | |
| | Oct | 186.00 | 157.50 | 159.00 157.25 158.25 167.50 | |
| • | Nov | 158.00 | 157.25 158.75 | 158.25 167.50 158.25 157.00 | |
| | Jen Jen | 168.25 155.75 | 155.50 | 155.75 | |
| | Feb | 153.50 | 155.50 152.25 | 153.75 153.50 | |
| • | May | 145.00 | 144.25 | 145.00 | _ |
| | Turnove | or 2125 (5 | 757)lots of | 100 tonnes | |
| | TEA | | | | _ |
| • | There | were 16. | 114 packao | es on offer at this | |
| | | | | | |
| | i attaba | re secilor | . reports 0 | e Tea Brokers' and more active | |
| | 1 MSB00 | навол. Ап | PHYLOAGO | iquoring sast | |

origins and prices ten

| | Close | Previous | High/Low | _ |
|------------|----------------------------|--------------------------|---|--------------------|
| Sep | 762 | 786 | 784 734 | Alt |
| Dec | 821 785 | 845 513 | 830 802 786 780 | Ca 3 |
| May | 790 | 820 | 797 789 | Co |
| Jul | 804 | 835 | 513 804 826 819 | _ <u>G</u> |
| Sep Dec | 820 844 | 850 878 | 825 819 855 844 | 3 1 |
| | | | | Le |
| fCCO in | dicator p | rices ISDR | f 10 tonnes is per tonne). Daily | Ce |
| price fo | r Sep 1 9 | 65.25 (979. | 87) :10 day average | 3 : |
| | 4 954.33 | | | NI |
| COFFE | E - Lond | | £/tonne | Ce |
| | Close | Previous | High/Low | 3 1 |
| Sep | 798 | 780 | 799 790 | Т |
| Nov Jan | 815 824 | 795 801 | 818 800 825 815 | Ça 3 |
| Mar | 845 856 | 818 | 842 829 | 20 |
| May | | 826 | 855 640 | - Z |
| Jul Sep | 878 900 | 850 870 | 881 870 886 | 3 1 |
| Tuesta | | | | _ |
| ICO Ind | ir. 3741 (3 licator ori | ces (US c | f 5 tonnes ents per pound) for 71.36). 15 day ever- | Ca |
| Sep 1: | Comp. de | bly 71.67 (| 71.36). 15 day aver- | 3 |
| age 66. | 70 (68.36) | | | L |
| | - Londs | | (\$ per tonne) | 37 |
| Raw | Close | Previous | High/Low | PC |
| Oct | 295.80 | 296.40 | 296.40 294.60 | - |
| Dec | 289.00 281.40 | 288.80 281.80 | 287.00 281.80 280.00 | No |
| Mar May | 277 00 | 277.00 | 276.60 276.00 | Fe |
| Aug | 273.00 | 272.00 | 270.00 | A |
| Oct | 264.60 | 285.00 | 265.00 | Tu |
| White | Close | Previous | High/Low | |
| Oct | 422.00 | 422.00 385.50 | 423.00 420.00 367.00 384.50 | - |
| Dec Mar | 386.50 354.00 | 353.50 | 355.00 351.50 | 50 |
| May | 350.50 | 350.00 | 351.00 | _ |
| Turnove | r: Raw 56 | 3 1678 ob | of 50 tonnes. White | De Tu |
| 790 (19) | R27) | | | |
| Mar 238 | 30, May 2 | 360, Aug 2 | : Oct 2830, Dec 2585, 349, Oct 2325, | _ |
| | Off - 11 | | \$/trarrel | |
| | Close | | | |
| | | | 17.35 17.22 | Se |
| Oct Nov | 17.36 17.26 | 17.13 | 17,27 17,11 | Ja Ar ar |
| Dec | 17.15 | 16.95 | 17.15 17.10 | a |
| IPE Indi | | | | Tu |
| | er: 3346 (6 | 3101 | | |
| QAS O | L - IPE | | \$/tonne | |
| | Close | Previous | High/Low | . - |
| Sep | 160.75 | 159.25 | 160.75 150.80 | Se |
| Oct Nov | 185.00 158.00 | 157.50 157.25 | 159.00 157.25 158.25 167.50 | No |
| Dec | 158.25 | 158.75 | 158.25 157.00 | A M M: Ju |
| Jan Feb | 155.75 153.50 | 155.50 152.25 | 155.75 153.75 153.50 | M |
| May | 145.00 | 144.25 | 145.00 | |
| | | 757)lots of | 100 tonnes | _ |
| | | | | Be |
| TEA | | 114 oack=0 | es on offer at this | Se No |
| weeks | were 10,1 s auction, | including 4 | es on offer at this ,000 in the | Ja |
| i ottsho | re saction | i. PEDOTES D | HE I BEST DICKELP | M |
| dema | ramon. An nd preveil | ed. Bright | and more active inquoring east | T |
| I Ahica | n teas and | d good med | diums were ! | Tu |
| deare | r, particul Intions co | any Pakoe noraily res | dusts. Other mained firm white | |
| plaine | :8: 2012 3 | old at Impr | meined firm while oved levols. well supported | P |
| Centra | el Africano | s ware also | hore suction there | |
| 1 =1 000 | PUT TEMPS. | 111 ENG 0112 | And branching | ≂ |

| | | | | | | | | _ | |
|---|--|--|---|--|--|--|--|--|---|
| Cash | 1795-8 1780-4 | | 810-5 795-800 | 1800 1806/1765 | 1799-601 1785-80 | 1760-70 | | 31,568 | tote |
| 3 months | _ | £ per tonn | | 1000 1700 | 1100-00 | | | | 50 tonne |
| | 1900-2 | | 34-6 | 1908/1907 | 1906-7 | Tiping C | 01.10.1 | 4 17,0 | |
| Cash 3 months | | | 302-3 | 1878/1856 | 1875-6 | 1865-6 | | 73,528 | lots |
| | er tonne | | | | | Ring | turnov | or 7,5 | 50 tonne |
| Cash | 464-6 | | 72-6 | 467 | 467-8 | | | | |
| 3 months | | | 54-5 | 468.5/458 | 458-7 | 456-7 | | 11,033 | |
| | per tonn | | | | | | turno | 41 1,U | 06 tonne |
| Cash 3 months | 12200- 11950- | | 2350-450 2000-50 | 12400/1220 12050/1190 | 0 12275-300 0 12050-100 | | 00 | 5.051 1 | ots |
| Tin (5 pe | | | | | | Ring | turnos | er 1,9 | 90 tonne |
| Cash | 8600-2 | 0 8 | 550-700 | 8580 | 8590-600 | | _ | _ | |
| 3 months | | 0 8 | 700-60 | 8680/8620 | 8630-80 | 8360-70 | | 5,696 1 | |
| Zinc, Spe | ecial High | Grade S | | | | Alng t | umove | ar 12,6 | 73 tonne |
| Cash 3 months | 1770-9 s 1850-6 | | 940-50 880-5 | 1810/1805 | 1800-5 1655-60 | 1640-5 | | 11,956 | lots |
| | er tonne) | | 100-0 | 1003/10-0 | 1000-00 | | | | 50 tonne |
| Cash | 1730-6 | | 950-80 | 1784/1760 | 1780-4 | | | | |
| 3 months | | | 630-40 | 1510 | 1605-15 | 1590-600 | ٠. | 6,124 | ota |
| | eing E/S | | | | | | _ | | |
| SPOT: 1. | 5530 | 3 1 | months: 1.54 | 12 | 8 months: | 1.5142 | | TROTUS | s; 1.5002 |
| POTATO |)#3 - Bi | FE | | ennor/2 | LONDON BU | LLION MARI | CET | | |
| | Close | Previous | High/Low | | Gold (fine oz) | | | equiva | lent. |
| Nov | 138.0 | 140.0 | 139.0 138.0 | | Close | 358-4-859-4 | | 012-23 | |
| Feb Apr | 165.0 208.0 | 165.0 218.9 | 215.0 208.0 | | Opening | 358 ¹ 2-359 358.75 | 23 | 1-2211 | |
| May | 234.0 | 242.0 | 236.0 233.0 | | Morning fix Afternoon fix | 358.75 | | 0.826 0.772 | |
| Tumove | 392 142 | licits of 4 | 0 tonnes. | | Day's high | 359-359 ¹ 2 | - | U.! 12 | |
| | | | | | Day's low | 358-358 ¹ 2 | | | |
| SOYAEI | CAN ME | L - BPE | | £/tonne | Coins | S price | 3 | egulva | lent |
| | Close | Previous | High/Low | | Mapleleat | 367-372 | | 8-230 | |
| Dec | 142.00 | 143.00 | 142.00 | | Critannia | 367-372 | | 6-239 | |
| | | | 142.00 | | | | | | |
| Turnove | 34 94)4 | ots of 20 t | | | US Engle | 367-372 | 23 | 6-239 | o L |
| Turnover | 34 94)4 | | | | US Engle Angel Krugerrand | 367-372 368-373 357-360 | 23 23 22 | 6-239 6 ¹ 2-23 9 ¹ 2-23 | 93 ₄ 11 ₂ |
| | | | onnes. | ex point | US Eagle Angel | 367-372 368-373 357-360 84 ¹ 2-85 ¹ 2 | 23 23 24 54 | 6-239 6-1 ₂ -23 9-1 ₂ -23 | 93 ₄ 11 ₂ |
| | | ots of 20 t | onnes. | lex point | US Eagle Angel Krugerrand New Sov. | 367-372 368-373 357-360 | 23 22 24 54 | 6-239 6 ¹ 2-23 9 ¹ 2-23 | 112 |
| FREIGH Sep | T FUTUE Close 1478 | ots of 20 to 1928 - EFF Previous 1466 | S10/lnd | ex point | US Engle Angel Krugerrand New Sov. Old Sov. Noble Plat | 367-372 358-373 357-360 84 ¹ 2-85 ¹ 2 54 ¹ 2-85 ¹ 2 477.75-485.36 | 22 22 54 54 54 | 6-239 6-1 ₂ -23 9-1 ₂ -23 14-55 14-55 7-36-3 | 112 |
| FREIGH | T FUTUE | ots of 20 to 1925 — BFI Previous | onries. E \$10/lnd | ex point | US Engle Angel Krugerrand New Sov. Old Sov. Noble Plat Silver fix | 367-372 368-373 357-360 84 ¹ 2-85 ¹ 2 54 ¹ 2-85 ¹ 2 477.75-485.35 p/fine oz | 25 22 54 54 54 54 | 6-239 6-1 ₂ -23 9-1 ₂ -23 1-1 ₄ -55 1-1 ₄ -55 7-35-31 | 112 |
| Sep Oct Jan Apr | Close 1478 1554 1582 1515 | Previous 1468 1535 1570 1608 | S10/Ind High/Low 1554 1541 | ex point | US Eagle Angel Angerrand New Sov. Old Sov. Noble Plet Silver fix Spot 3 months | 367-372 368-373 357-360 84 ¹ 2-85 ¹ 2 54 ¹ 2-85 ¹ 2 477.75-485.36 p/line oz 326.05 337.45 | 22 22 54 54 54 54 55 56 50 | 6-239 6-1 ₂ -23 14-55 14-55 7-36-31 8 ots 6 6.75 8.10 | 112 |
| Sep Oct Jan Apr aFl | Close 1478 1554 1582 1518 1428 | Previous 1468 - SPI 1468 - 1535 1570 1608 1428 | # \$10/Ind #igh/Low 1554 1541 1592 1572 | ex point | US Eagle Angel Krugerrand New Sov. Old Sov. Noble Plet Silver fix Spot 3 months 6 months | 367-372 358-373 358-373 358-373 84 ¹ 2-85 ¹ 2 54 ¹ 2-85 ¹ 2 477.75-485.36 p/line oz 328.05 337.45 348.35 | 28 22 54 54 54 50 50 51 | 6-239 6-12-23 9-12-23 14-55 14-55 7-35-31 3 ots 6 6.75 8.10 | 112 |
| Sep Oct Jan Apr aFl | Close 1478 1554 1582 1515 | Previous 1468 - SPI 1468 - 1535 1570 1608 1428 | # \$10/Ind #igh/Low 1554 1541 1592 1572 | iex point | US Eagle Angel Krugerrand New Sov. Old Sov. Noble Plet Silver fix Spot 3 months 6 months 12 months | 367-372 368-373 357-300 84 ¹ 2-85 ¹ 2 54 ¹ 2-85 ¹ 2 477.73-485.36 p/line oz 326.05 337.46 348.35 370.55 | 28 22 54 54 54 50 50 51 | 6-239 6-1 ₂ -23 14-55 14-55 7-36-31 3 ots 6 6.75 8.10 | 112 |
| Sep Oct Jan Apr aFi Turnove | Close 1478 1554 1562 1518 1428 180 (229) | Previous 1468 - SPI 1468 - 1535 1570 1608 1428 | # \$10/Ind #igh/Low 1554 1541 1592 1572 | | US Eagle Angel Krugerrand New Sov. Old Sov. Noble Plet Silver fix Spot 3 months 6 months 12 months | 367-372 368-373 357-300 8412-8512 5412-8512 477.75-485.36 priline oz 236.05 337.45 348.35 370.55 | 28 22 54 54 54 50 50 51 52 55 | 6-239 6 ¹ 2-23 9 ¹ 2-25 14-55 7-36-31 8 ots 6 6.75 8.10 2.55 11.95 | 1 ¹ 2 12-20 quiv |
| Sep Oct Jan Apr AFI Turnover | Close 1478 1554 1582 1618 1428 7 80 (229) | tes - 871 Previous 1466 1535 1570 1608 1426 | E \$10/lnc High/Low 1554 1541 1592 1572 1519 1608 | ex point | US Eagle Angal Kruperrand New Sow. Old Sov. Noble Plat Silver fix Spot 3 months 6 months 12 months 12 months 13 months | 367-372 368-373 357-360 8412-8512 5412-8512 477.75-485.35 p/fine oz 328.05 337.45 348.35 370.55 | 28 22 54 54 54 50 50 51 52 55 | 6-239 6-2-23 9-12-23 14-65 14-65 7-36-31 8-75 8-10 9-55 11-95 | 112 |
| Sep Oct Jan Apr APr Turnover GRARIS | Close 1478 1554 1582 1618 1428 7 80 (228) | Previous 1468 - SPI 1468 - 1535 1570 1608 1428 | E \$10/ind High/Low 1554 1541 1592 1572 1519 1608 | Shonne | US Eagle Angel Krugerrand New Sov. Old Sov. Noble Plet Silver fix Spot 3 months 6 months 12 months | 367-372 368-373 357-360 8412-8512 5412-8512 477.75-485.35 p/fine oz 328.05 337.45 348.35 370.55 | 28 22 22 54 54 30 50 51 52 55 55 | 6-239 6 ¹ 2-23 9 ¹ 2-25 14-55 7-36-31 8 ots 6 6.75 8.10 2.55 11.95 | 11 ₂ 12.20 quiv |
| Sep Oct Jan Apr aFi Turnove GRAINS Wheet Sep Nov | T FUTUS Close 1478 1554 1592 1518 1428 1 80 (228) 1 - BFE Close 104.85 108.10 | Previous 1468 1535 1670 1678 1426 Previous 105.20 105.20 | E \$10/Ind High/Low 1554 1541 1592 1572 1519 1608 High/Low 104.90 104 | £/lonne | US Eagle Angel Angel Krugerrand New Sow. Old Sov. Noble Plet Silver fix Spot 3 months 6 months 12 months 12 months 15 months 15 months 16 months 17 made of the price Strike price S | 367-372 368-373 357-360 3412-3512 5412-3512 477.75-485.36 p/fine oz 326.05 337.45 348.35 370.55 | 28 22 22 54 54 30 50 51 52 55 55 18 Jan | 6-239 6-1 ₂ -23 9-1 ₂ -23 1-4-55 1-4-55 7-36-31 3 ots 6 6.75 8.10 9.55 11.95 | 11 ₂ 12.20 quiv |
| Sep Oct. Jan Apr Jan Turnove GRAINS Wheet Sep Nov Jan Mar | T FUTUS Cleac 1478 1554 1552 1515 1428 80 (229) ; - BFE Close 104.85 108.10 111.75 | ots of 20 to the control of 20 | E \$10/ind High/Low 1554 1541 1592 1572 1519 1608 High/Low 104.90 104 108.40 108 112.15 111 | £honne 80 -10 -85 -55 | US Eagle Angal Angal Kruperrand New Sow. Old Sov. Noble Plat Silver fix Spot 3 months 12 months 12 months TRADED OPT Atuninium (S Strike price S | 367-372 368-373 357-360 841 ₂ -851 ₂ 541 ₂ -851 ₂ 541 ₂ -851 ₂ 477.73-485.35 p/fine oz 328.05 337.45 348.35 370.55 | 28 22 22 54 54 30 50 51 52 55 55 | 6-239 6-1 ₂ -23 9-1 ₂ -23 1-4-55 1-4-55 7-36-31 3 ots 6 6.75 8.10 9-55 11-95 | 11 ₂ 12.20 quiv |
| Sep Oct Jan Apr Turnove: GRAINS Wheek Sep Nov May | T FUTUS Cicso 1478 1554 1592 1515 1428 7 80 (229) 6 - BFE Cicso 104.85 108.10 111.85 114.75 | Previous 1466 1535 - EPI 1535 1570 1608 1426 Previous 105.20 105.70 112.45 115.20 118.00 | # \$10/Inc High/Low 1554 1541 1592 1572 1519 1608 High/Low 104.90 104 108.40 108 112.15 111 114.75 114 | £honne 80 -10 -85 -55 | US Eagle Angal Angal Kruperrand New Sow. Old Sov. Noble Plat Silver fix Spot 3 months 12 months 12 months 12 months 13 months 15 months 1700 1800 | 367-372 368-373 357-360 8412-8512 5412-8512 5412-8512 477.75-485.35 p/fline oz 328.05 337.45 348.35 370.55 70008 9.7%) Ca \$ torine Nov 118 57 23 | 28 22 24 54 54 50 50 51 52 55 55 55 56 | 8-239 6-1 ₂ -23 9-1 ₂ -23 9-1 ₂ -25 14-55 7-36-31 8-75 8-75 8-75 8-75 8-75 8-75 8-75 8-75 | 11 ₂ 12.20 |
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| Sep Oct Jan Apr | Close 1478 1554 1582 1515 1516 1428 7 80 (229) ; - BFE Close 104.85 108.10 111.85 114.75 117.55 119.30 | Previous 105.20 105.20 105.20 105.70 112.45 115.20 118.00 119.70 | High/Low 1554 1541 1592 1572 1519 1608 High/Low 104.90 104 108.40 108 112.19 111 114.75 114 117.75 117 | £honne 80 -10 -85 -55 | US Eagle Angal Angal Kruperrand New Sow. Old Sov. Noble Plet Silver Sx Spot 3 months 12 months 12 months 12 months 13 months 15 months 16 months 1700 1800 1900 Copper Grace 1700 1700 1700 1700 1700 1700 | 367-372 368-373 357-360 8412-8512 5412-8512 5412-8512 477.75-485.35 p/fline oz 328.05 337.45 348.35 370.55 70003 118 57 23 ie A) Ca 244 182 | 23 22 24 54 54 50 51 52 55 55 55 56 56 57 58 58 58 58 58 58 58 58 58 58 58 58 58 | 6-239 6-2-23 9-2-23 9-2-23 9-2-25 14-55 7-36-31 8-75 8-10 9-55 8-10 8-10 9-55 8-10 8-10 8-10 8-10 8-10 8-10 8-10 8-10 | 11 ₂ 12.20 quiv outs Jan 113 180 1120 170 |
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UN agency accepts criticism of 'old-fashioned' forestry policy

John Madeley on the FAO's positive response to increasing pressure from environmentalist groups

HEN REPRESENTATIVES of forest dwellers
from Africa, Asia and
Latin America hand in a "Save the the promotion of forest Forests, Save the Planet" petition to the UN General Assembly in New York on September 19, they may find that they have some unexpected allies. The petition, which is believed to

have been signed by nearly 5m people from all over the world, says: We the undersigned, believe that the continued destruction of the world's tropical forests represents the gravest emergency ever to face mankind." It urges the General Assembly to

call an extraordinary meeting of the United Nations to draw np an emergency plan to halt and indeed reverse this catastrophic process. with its implement-ation given the highest possible

priority."
The organiser of the petition, the
Malaysian-based World Rainforest Movement - an international group of non-government org-anisations - is critical of the UN's own Tropical Forestry Action Plan. This was drawn up in 1985 hy the World Bank, the UN Develop-ment Programme and the UN Food and Agriculture Organisation

(FAO). The Rainforest Movement claims that it puts too much emphasis on commercial logging, and has "ignored or played down the funda-mental causes of deforestation and has instead adopted policies that blame the victims." But at the Forestry Department of the FAO in Rome there are signs that the criticisms have been heard. "The 1985 plan is a mechanism to save the forests and has been adopted in over 60 countries" says

the plan's co-ordinator Mr Matthijs Heering, "but we are taking the crit-REUTERS (Base: September 15 1931 = 100) Sept 1 Aug 31 mnth ago yr ago 1922.6 1815.5 1897.8 1863.0 DOW JONES (Base: Dec. 31 1974 = 100) Spot 129.95 129.80 128.19 : -Futures 130.58 131.34 128.93 -

The plan urges the integration of forestry into agricultural systems, the promotion of forest-based industries, restoration of fuel wood supplies, the conservation of tropical forest plants and resources, and the removal of "institutional con-

But while it stresses how local people clear forests, it says nothing about the burning in for example the Amazon, which has been cited

The US commodities markets were closed yesterday for the Labor Day holiday

house effect.

Its lack of any clear-cut call to conserve the forests has attracted the fire of the non-government organisations, who point to the way forests regulate climate and main-tain and conserve solls and water

as a major factor behind the green-

flows.

They point to the millions of forest dwellers, especially in Asia, who have lost their means of support because of logging.

Mr Heering admits that the plan now looks a little "old-fashioned" although he points out that the 64 countries who have adopted it in the last four years have between them launched over 3,000 forestry projects.

But it does not give enough attention, he says, to people who live in forests and it is now being updated to "stress the importance of involving forest dwellers in the design stage of forest projects."

Both hetween and within the nongovernment organisations and official bodies like the FAO there is a continuing debate over whether the emphasis should be on the conservation or development of forests—and whether or not the two can be reconciled.

be reconciled.

Mr Hollis Murray, a Trinidadian who became head of the FAO's forestry department in January this year, emphasises the contribution that forests make to food supplies and security — such as the food

growing land they protect, the value of food products to be found in the forest, and the range of forest activities which provide employ-

ment and income.
"Forests, are valuable," he stresses, "they contain an enormous amount of hidden wealth." He cites a recent report which found that the revenues generated by the har-vesting of non-wood products from the forest are two to three times greater than logging or clearing for-est for maxime.

est for pasture.

Mr Murray stresses that "forests are a resource to be used." He is against the idea now being can vassed of a total ban by Western countries on the import of troutest hardwoods; (West Germany has imposed such a ban).

"What we must do is to use the forest in a austainable way," he

Says.
The snag is that less than 10 per cent of the world's 900m hectares of tropical forest is currently managed in a sustainable way. Developing countries often lack people with the skills to manage forests and also the money to train them.

More resources for forests are now crucial, believes Mr Murray. "We are just not planting enough trees," he says. Some 11.3m ha of tropical forest is cleared each year

tropical forest is cleared each year and for every 10 ha cleared only. I ha is replanted.
But the forest problem can only be solved by looking wider than the forest itself, he says.

"Most tropical forest is cleared to provide land to grow food so it's vital to pursue a multidisciplinary approach. looking at the whole question of land use."

Despite the current focus on green issues, the FAO's forestry department is scheduled to receive only 4.3 per cent of the organisa-

only 4.3 per cent of the organisa-tion's hudget during the next two

years.

But with forest burning estimated by the UN Environment Programme to account for 20-25 per cent of the world's carbon dioxide emissions, which are mainly responsible for the grant programme. the greenhouse effect, donor countries may now feel that tropical for ests deserve more support.

LONDON STOCK EXCHANGE

Equity gains extended in thin trade

THE NEW equity Account in the UK stock market, which also effectively marks the City'e return to work after the Summer holidays, opened in good form yesterday, with the FT-SE Index continuing to move nearer to the all-time high recorded in July 1987. Market attendance was higher as the July and August holiday months faded into memory, and bid developments in the airline, paper, and leisure sectors also served to keep the mood buoyant. Trading volume remained disappointing, how-

Professional traders appeared reinctant to be impressed by the further rise

Account Dealing Dates "First Dealings: Aug 14 Sep 4 Sep 18 11 3 2 Sep 29 Sep 25 Oct 9

in the equity market, which took the FTSE Index ahead by another 11.7 points to 2,419.2, about 24 points short of the all-lime peak. Yesterday's apparent consolidation above the psychologically important 2,400 mark owed much to at least one important technical factor; a large institutional

seller of the FT-SE futures contract, active last week, was absent from the London International Financial Futures Exchange yesterday

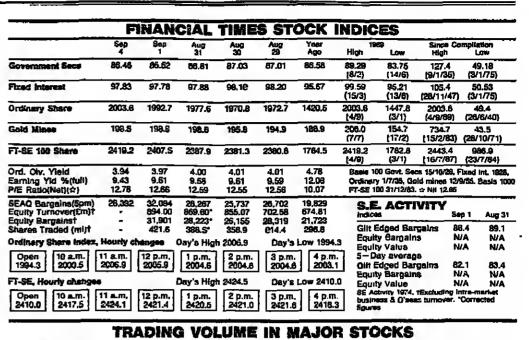
This relief of pressure from the futures market, together with a number of ex dividend price adjustments in leading. stocks, helped the Footsie to rise by 17 points in early trading. Buying interest, never on any significant scale, cooled off after lunch in the absence of support from Wall Street, closed yesterday for Labor Day. Seaq trading volume totalled an unexciting 369.9m shares.

The absence of Wall Street interest was particularly signif-

icent in view of British Airways' (BA) involvement in the Across the broader range of UK stocks, however, specula-tive interest was sustained by \$6.6bn employee management consortium bid for United Aira £382m bid for Norton Opax from Bowater and by plans for tium bid succeeds, BA will hold 15 per cent of the newly-shaped United, and London Grand Metropolitan, the UK

drinks and retailing group, to

analysts believe that US investsell its betting shops. ment funds may see this as an Market indices were also attractive way to invest in spurred ahead by a squeeze on their own domestic airline market maker's positions as industry. BA etock closed a they opened their treding shade easier in London yesterbooke for the new Account; trading positions were kept very tight over the three-week Account which ended on Fri-Shares in BAT Industries drifted lower, reflecting both day, and several leading trad-ers were caught short of stock the lack of US interest and also the uncertainty in the UK market regarding the prospects for when the market moved ahead the bid from the Sir James yesterday morning.



Welcome for GMet plans

A leisure and brewery sector already returning towards its peak levels for the year continned to perform strongly yester-

The decision by Grand Metropolitan to sell its Mecca and William Hill betting shops, valned by City analysts at upwards of £600m, was regarded in the stock market an astute move by the UK drinks and retailing group. However, the market was less favourably impressed by suggestions that Brent Walker might want to add the Grand-Met betting interests to its stahle of property and leisure

GrandMet shares jumped 15 to 648p, with turnover of 2.6m indicating the favourable response of institutional inves-tors to the planned deal. The market was also busy assess ing the implications of the pro-posal for the rest of the sector. Shares in Brent Walker, on the other hand, were 18 off at 389p; traders expressed doubts, not over Brent's ability to bring off the deal - it has James Capel and Citicorp in its corner and has carried off a substantial acquisition programme already - but over the strategy involved. However, concerns over the financing were offset by hints in the market that Brent Walker might sell off its Whyte &

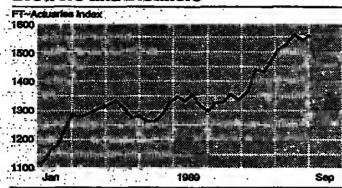
Mackay distilling group. The spotlight was also turned on Bass, with analysts noting that the board might regard the GrandMet plan as a signal for divestment of Coral, the betting allop business owned by Bass. Shares in the brewing group jumped 7 to ing a valuation of around £300m for Coral's 800 betting shops if Bass decides to put them up for sale.

Enterprise flare

Enterprise Oil shares rallied as the market picked up whispers that an announcement of an out-of-court settlement of the dispute over Texas East-ern's North Sea assets was

Dealers and sector specialists said they expected news that Enterprise will come out of the saga with a better share. of the Texas assets than expected - possibly as much as 33 per cent. Enterprise announces interim results on Thursday. It originally announced the pur-chase of the Texas assets in March this year financed by a near-£650m rights issue.
But the other participants in

Brewers and Distillers



the Texas interests in the North Sea, British Gas and Amerada Hess, won an Appeal Court hearing enabling them to exercise pre-emption rights over the Texas Eastern assets. Enterprise shares have weakened in past weeks, slip-ping to around 580p, upset by market talk that they might come out of the discussions with British Gas and Amerada Hess with as little as 12 to 15 per cent of the Texas Eastern assets. There have also been stories that ICI is looking to place its near 25 per cent stake in Enterprise. The rise in Enterprise shares reflects sheer relief that this matter is

Bowater move

Bowater's predicted bid for Norton Opex united analysts in the belief that the takeover attempt would succeed. Norton'e shares climbed steeply, while those of De La Rue, currently subject to an offer from Norton, collapsed. It is a condi-tion of Bowater's that that deal be called off: Analysts cautioned, how-

about to be resolved," said one oil specialist yesterday. Enter-prise moved up 15 to 595p.

ever, that Bowater's shares might be weak in the short term. Mr Geoff Allum, at County NatWest WoodMac would be high - between 125% and 200%. He said, however, that Bowater had been left with little option than to bid. If Norton had succeeded in buying De La Rue, Bowater's holding in the former would have been diluted to around 12 per cent, too small to influence Norton's board sufficiently. However, he felt that the take-over made industrial logic, while Mr John Kenny and Mr Tim Rothwell at BZW said that disposals, such as the books

printing operation - likely to go for around £40m - would cut gearing. Bowater ended 6 to the good at 501p, Norton climbed 30 to 221p and De La Rue bottomed at 352p before

finshing down 16 at 357p. The rest of the brewery sec-tor had another buoyant session, with the GrandMet plans providing further reason for speculative interest in the leading names. With news expected shortly on its Thistle Hotels sale project, shares in Scot-tish & Newcastle edged ahead

Guinness (597p) and Allied Lyons (555p) were firm mar-kets and Whitbread "B" shares closed higher at 1200p.

The City digested news of British Airways' move to take a 15 per cent stake in United Airlines, and began to feel better about it. "At least they are not trying to take 25 per cent," said one analyst drily. Some were even more positive. Friday's fears of severe earnings diintion were quelled by a statement from the company yesterday, which also said that the new company set up to bid for United may, in turn, take a stake of up to 15 per cent in BA. Another analyst added that the support for the BA consortium's hid from United's pllots would make it more difficult for a counter offer to suc-

Dealers had expected BA shares to be hit harder than their fall of 2 to 208p. They blamed what weakness there was on the absence of American buyers away from work on Labor Day. Wall Street has been a buyer of British Air-ways through the summer.

Pharmaceuticals put in a good performance in light vol-ume. Most notable was Glaxo, which broke through the £16 barrier for the first time since Black Monday, although it is

still well short of the 1845p it touched in July 1987. The shares closed up 29 at 1624p. helped by presentations to investors both yesterday and on Friday. "Everyone has a fundamental buy note out on them," said one marketmaker. An early buy order left the market short of Wellcome all

lines of the US. If the consor-

SmithKline Beecham advanced 16 to 623p in the absence on the customary selling pressure from Wall Street. The steep rise in Enterprise Oil shares was accompanied by good gains in all the leading oil stocks. LASMO were strongly supported, closing 6 higher at 534p with analysts highlighting the forthcoming interim figures expected on September 13 and expected drilling news, especially from the Pakistan

gas well SG Warburg remained the front runner in a bnoyant merchant banking arena ehort of stock. Warburg shares ran up a further 21 to a year's best of 454p. Others to go better included Singer & Friedlander, furmer at 76p ahead of interims due on Thursday, Kleinwort Benson, scheduled to report interims on September 13, up 8 to 351p, and Morgan Granfell, 4 higher at 338p; there has been revived speculation in the mar-ket recently that the near 21 per cent stake in Morgan Gren-tell, held by Willis Faber, the insurance broker, could soon be on the move. Morgan is

gures later this month. Life assurer Pearl edged up 3 to 519p in front of today's interim pre-tax profits which BZW estimates should come out 28 per cent higher at £39m. compared with £29.71m; BZW expects an interim of 7p against 6p.
Insurance brokers remained

expected to announce interim

in good form, still helped by the recent BZW recommendation which said the sector looked "ready for a bounce." Sedgwick, reporting today and where Hoare Govett is going for pre-tax profits of £63m com-pared with £61.9m, jumped 6 more to 270p on 1.3m shares. Dixons were one of the retail

sector's features. The shares retreated against the overall market trend to close a net 3 off at 168p on bigger than usual turnover of 3m. Goldman Sachs was behind the weakness in the stock after the US broker's retailing team cut its current year profits forecast from £73m to £50m. Mr Philip Dorgan at Goldman said Dixons was "suffering from very

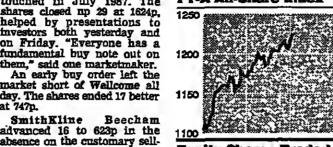
slim operating margins."

Among the smaller companies Miller and Santhouse, the optician, jumped 25 to 185p after revealing it was in talks which could lead to a bid being made for the company.

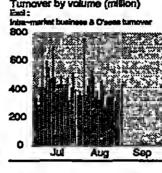
Moss Bros raced np to 275p

before closing a net 11 firmer at 263p after more reports that

FT-A All-Share index



Equity Shares Traded Turnover by volume (million)



Amber Day could be interested in bidding for the company; Amher Day shares were slightly firmer at 67p.

Among subdued front-line electronics stocks, STC stood out with a 7 gain at 368p after news of the rationalisation and job-losses at its New Southgate and Basildon plants. Psion, the USM-qnoted man-

ufacturer of an electronic per-sonal organiser which saw its shares surge ahead last week, duly delivered the profits advance expected by market observers but saw the share price retreat in the wake of profit-taking. At the close

good at 253p, after having moderate volume. The same

Psion were down 18 at 375p. VG Instruments, the scientific instruments manufacturer 63 per cent owned by Hoylake bid target BAT, staged another strong run, advancing 16 more to 479p with market observers convinced that the BAT stake will soon be on the move. BAT has signalled its intention of selling the stake and dealers are looking for a potential share for the company.

Regular speculative favourite Ayrshire Metal jumped 20

to 175p. Mystified marketmakers agreed that such a rise aroused suspicions of stake-

Cautions press comment on the chances of success for Hoy-lake's bid for BATs, left the latter's shares 13 off at 817p in

token stimulated buying of touched 254p ahead of the Rank Hovis Macdougall up 8 at 472p on the theory that if the Sir James Goldsmith-led announcement. The excitement surrounding British Airways involvement consortium fails to secure in the management buyout BATs, then it would try to buy RHM. Other food manufactur-ers also did well. Unigate, 9 attempt at United Airlines of the US continued to spark erratic trade in Davis and New-

better at 427p and AB Foods. man, which runs Dan Air. up 7 at 399p, led the way.

Argyll firmed 4 to 253p as it After initially climbing to 725p, the shares fell back to close at announced said it was to take 675p, down 30 on the day. part in a network of cross shareholdings with the Kon-inklijke Ahold of the Nether-Ocean Transport firmed ahead of interim results later this month, the shares ending lands and Casino of France, in 13 better at 368p. an extension of the alliance between the three retailers announced earlier this year. Casino said that each group

would take a stake worth 50m

European currency units in the

other. Argyll closed 4 to the

Other market statistics, including FT-Actuaries Share Index and London Traded Options, Page 24

NEW HIGHS AND LOWS FOR 1989

AMERICANS (24) CANADIANS (4) BANKS (1) BREWERS (6) BUILDINGS (3) CHEMCA (6) STORES (6) BUILDINGS (3) CHEMCA (6) STORES (6) BUILDINGS (3) HOTELS (2) BEQUERING (5) FOODS (8) HOTELS (2) BEQUERINA (2) ADT, Abbeycreet, Amerika. Systems, Birstrey Inva., Srongkor, CAIS Pack, SA, Do. New (3)4 1909 Div.), CSR Cooper (A.), Espanset lott., Festimer Crisings., Glass, Miscarthy, Photo-Me. Rame CH. Smithfilms Beachage A. Do. Eq. Units.,

APPOINTMENTS

OVERPLAN TRADETS (2) MINICA (12) 11
MARKET (4)
NEW LOWS (27)
STONES (3) STONES (3) ELECTRICA
(3) ARTHSTRIALS (6) AMBIT (77), CONST
60 GT. HAIS HOWS 6 Gdrs. ORWOOD
RESONOTS, URL GUSTAINES, MOTORS (1)
PROPERTY (3) SHOES (1) TEXTALES (2)
TRUSTS (3) DLS (1) MINICA (3)

AGA Group Interim Report 1989

Unaudited

AGA Group income after financial items amounted to SEK 540 million (1988: 537). The favourable development in income noted at most Group companies was offset by economic austerity measures end currency devaluations in Latin America.

The forecast for the full year 1989 Indicates that income, after financial items, is expected to remain at the same level as in 1988.

Jan-June Jan-June Full Year

Consolidated Income Statement, SEK m

| | | | | Oper |
|---|--------------------|--------------------|--------------------|---------------------------|
| Sales | 5,203 | 4,643 | 9,805 | |
| Operating expenses, etc Vormal | 4,138 | - 3,691 | - 7,827 | |
| lepreciation | - 375 | - 332 | - 644 | Gas Sa |
| Operating- ncome | 690 | 620 | 1,334 | inc |
| Dividends nterest earnings nterest expenses | 22 179 - 273 | 16 171 - 219 | 21 368 - 487 | Frigo Sai Op ind |
| xchange rate idjustment | - 78 | - 53 | - 00 | Energ |
| ncome after inancial items | 540 | 537 | 1,150 | Sai Op inc |
| ionrecurring iems | | - 31 | 48 | Gas |
| ncome before ear-end provisions and tax | 540 | 506 | 1,198 | sales units nies. |
| finority interest ear-end | - 5 | -2 | -15 | perc |
| rovisions | - 235 | - 156 | - 401 | gas |
| ax | - 90 | -114 | - 228 | nomi |
| Consolidated - et income | 160 | 234 | 554 | Ame |

The AGA Group reports a 12-percent increase in sales for the first six months of 1989. During the same period, operating income rose 11 percent, to SEK 690 m (620). Income after financial items amounted to SEK 540 m (537). Overall, Group operations developed

satisfactorily, with the exception of the cas companies in Argentina, Venezuela and Mexico. Due to economic austerity measures and currency devaluations, operating income for AGA companies in these countries, after conversion to Swedish kronor, decreased by nearly SEK 50 m, compared with the first six months of 1988. In addition, the currency devaluations increased the negative exchange rate adjustment. In Norwey, AGA acquired Östlandske

Fryserier A/S, a cold storage company, effective January 1, as well as additional shares in a propane company, Progas A/S, which thereby became a Group subsidiary as of June 1. The two companies have combined annual sales of approximately SEK 200 m.

During the first six monthe of the year the Group invested SEK 768 m (638) in land, buildings and machinery, of which SEK 620 m (536) was for projects in Gas operations. The largest ongoing projects involve eir gas separation plants in Sweden and Finland.

The Group's liquid assets and investments decreased by SEK 198 m to SEK 2,747 m during the tirst half of 1989. Group loane were reduced by SEK 21 m to SEK

Operations, SEK m Jan-June Jan-June Full Year

| | 1989 | 1988 | 1988 |
|------------------------------------|-------------|----------|---------|
| Gas Sales Operating | 3,591 | 3,248 | 6,734 |
| income | 590 | 534 | 1,076 |
| Frigoscandie Sales Operating | 1,015 | 639 | 1,968 |
| income | 41 | .38 | 182 |
| Energy Sales Operating | 596 | 558 | 1,107 |
| income | 59 | 48 | 78 |
| Gas operation | ons reporte | ed an 11 | -percer |

es increase, of which 2 percentage s were contributions from new compacent to SEK 590 m (534). Most of the companies had positive trends, but e were offset to some degree by ecoic austerity measures and substantial ency devaluations in certain Latin erican countries. Frigoscandia's invoiced sales increased

21 percent, of which 8 percentage units were from newly acquired companies in Norway and Denmark. Operating income rose to SEK 41 m (38). Due to the seasonal nature of Frigoscandia's business, most income is generated in the last six months of the year. Energy operations reported a sales in-

crease of 7 percent, and operating income rose 23 percent to SEK 59 m (48). The mild winter had a negative effect, although this was offset by high water supply.



AGA shares are listed on the stock exchanges In Stockholm, Heisinki, London, Tokyo, Zürich, Basel, Geneva and are sold in the USA via ADR Deposits.

Parent Company

The Parent Company, AGA AB, reported sales of SEK 623 m (524) and income of SEK 164 m (132), before provisions and tax, for the first six months of 1989.

During the first half of th rent Company invested SEK 99 m (63) in land, buildings and machinery. Liquid assets and investments decreased by SEK 104 m to SEK 1,815 m. External loans were reduced by SEK 33 m to SEK 2,472 m.

Consoltdated Balance Sheet, SEK m

| | June 30, 1989 | Dec. 31, 1986 |
|--|------------------|------------------|
| Assets | | |
| Liquid assets and investments | 2,747 | 2,945 |
| Accounts receivable, trade | 1,691 | 1,714 |
| Other current receivables, etc. Inventories | 367 712 | 510 673 |
| Total current essels | 5,517 | 5,842 |
| Long-term receivables, incl. blocked accounts Shares, etc. Land, buildings, | 505 663 | 498 617 |
| machinery | 8,464 | 6,094 |
| Total fixed assets | 9,632 | 9,209 |
| Total assets | 15,149 | 15,051 |
| Liabilities and shareho | ders' equity | |
| Short-term loans Other current liabilities, etc. | 1,134 2,112 | 1,446 2,166 |
| Total current liabilities | 3,248 | 3,612 |
| Long-term loans (non-convertible) Other long-term liabilities | 3,263 1,769 | 3,175 1,735 |
| Total long-term liabilities | 5,032 | 4,910 |
| Convertible loane | 206 | - 3 |
| Minonty inlerest | 88 | 75 |
| | 2,793 | 2,505 |
| Untaxed reserves | | |
| Share capital | 1,184 | 1,182 |
| Share capital Legal reserves and free reserves | 1,184 2,440 | 1,182 2,210 |
| Share capital Legal reserves and | | • |
| Share capital Legal reserves and free reserves Consolidated net | 2,440 | 2,210 |

Forecast The negative effects of economic austerity

measures and currency corrections of certain Latin American countries were stronger than expected. The development will continue to influence results in the last six months of 1989. As a result, Group Income, after financial items, for the full year 1989 ie expected to remain at the same

Lidingo Sweden, August 21, 1989 WSINI Marcus Storch

Directors at Daiwa Europe

Mr Neil Blair and Mr Masana Takasaki have been appointed directors at DAIWA EUROPE BANK, the major banking subsidiary of Daiwa Securities Co, Tokyo. Mr Takasaki was previously with Daiwa Europe Ltd and Mr Blair was credit and risk director - UK banking at Midland Bank.

Mr Harold Genders has been appointed to the new post of director of industrial relations by construction and engineering group AMEC. He remains a non-executive director of AMEC Regeneration where he was executive managing director.

Mr Marshall Rankin has been appointed a director of G. REEKIE GROUP. He joined Reekie Plant as general manager in 1982 and was appointed a divisional director

At DOCTUS Mr Alen Greenough has become a non-executive director. He is a partner at Alsop Wilkinson and specialises in corporate

Mr Jonathan C. Minter has become managing director (London) of JULIUS BAER INVESTMENT



Mr Simon Little (above) has been appointed managing director of WESSEX WATER COMMERCIAL, the company formed by Wessex Water to extend the Wessex expertise into related areas of water activity such as plumbing. international, construction and organisational consultancy services. He was previously employed by Reedpeck.

MANAGEMENT INC. He was formerly a director of Baring International Investment Management.

Mr Frederick Arnold has been made a director in the corporate finance department of WALLACE SMITH TRUST CO. He was a vice president at Shearson Lehman Brothers

Mr John M. Yates has been appointed company secretary

at BRITISH SYPHON INDUSTRIES and, following the recent management buy-out, its parent company Britannia and each of their respective subsidiaries.

GRANTA PUBLICATIONS has appointed Ms Caroline Michel as managing director

from January 3. She is publicity director of Bloomsbury Publishing. She succeeds Mr Bill Buford who becomes editorial director. ■ BILLINGTON STRUCTURES, Wombwell, South Yorkshire, part of Amco Industrial Holdings, has

J.H. MINET & CO has appointed Mr Dominic Smyth to the board as an executive director of the fine arts and

appointed Mr M. Fewster as technical director, and Mr P. Hart as financial director.

Mr Chris Harwood has been appointed sales director with reprographics specialists. WOKING DYELINE. He joins from Canon where he undertook planning and development of sales training and assessment programmes.

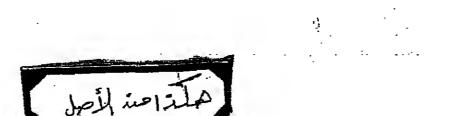
Mr Keith Inwood has been appointed sales director of SALISBURYS, a subsidiary of Ratners Group. He was previously general manager of retail operations of the Ratners jewellery chain.



KNOBS AND KNOCKERS has appointed Mr Charles Smallbone (above), founder and former managing director of Smallbone Kitchens, as an executive director. He also executive director. He also becomes chief executive of Knobs and Knockers retail and wholesale division with responsibilities for the expan-sion and development of this division. Mr Smallbone joined the company as a non-execu-tive director and substantial ehareholder following the reverse takeover of Knobs and Knockers by Prior Securities last month.

THE NATIONAL COMMERCIAL BANK has appointed Mr Graham Franklin to the position of senior manager, head of corporate banking and credit, in its London branch. He was formerly a senior manager at Lloyds Bank.

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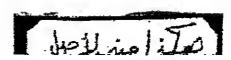
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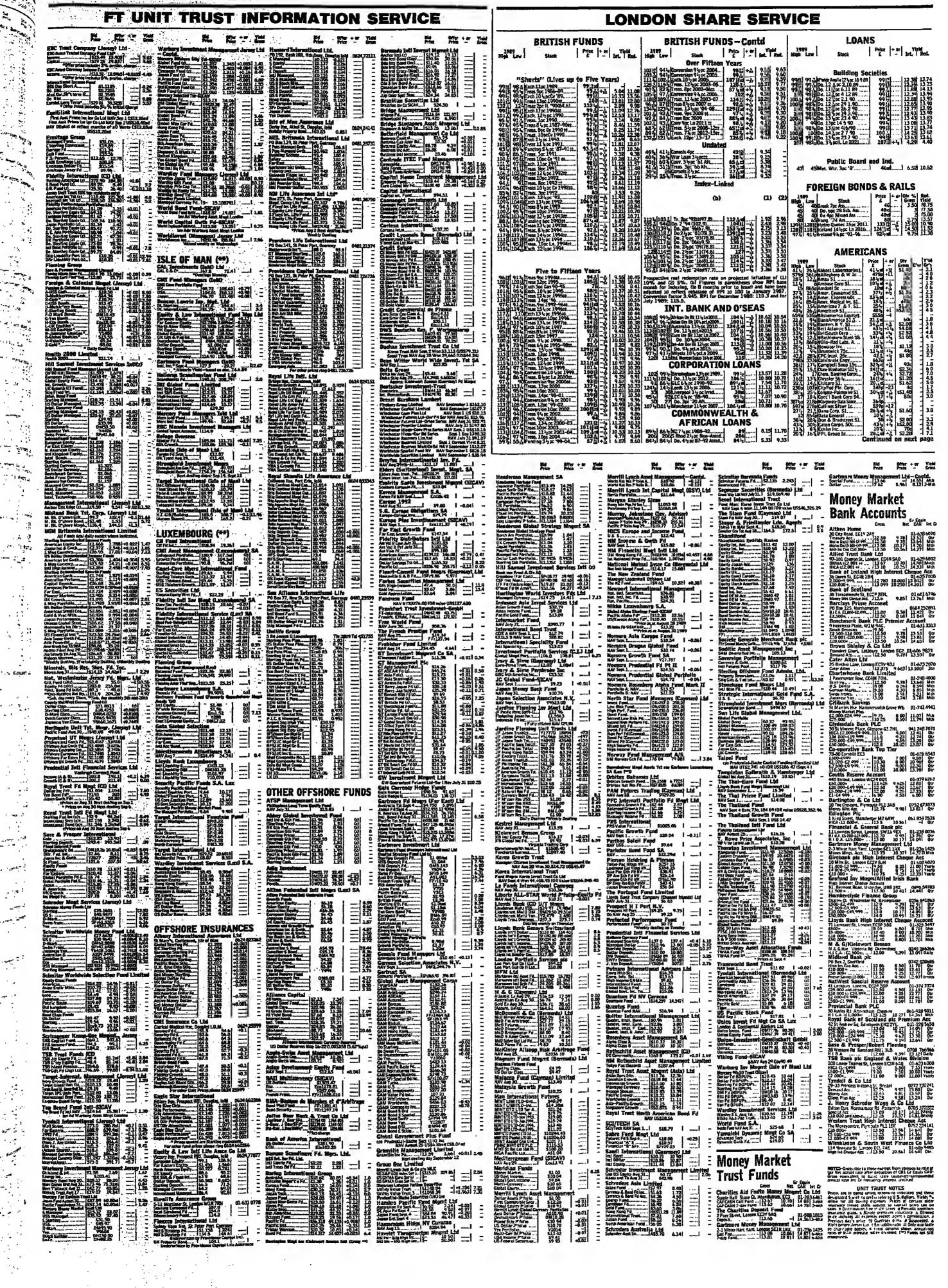
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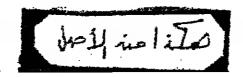
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For Latest Share Prices on any telephone ring direct-0836 43 + four digit cod **LONDON SHARE SERVICE** LEISURE | Seat | Tries | Seat | Tries | Seat | Tries | Seat | Seat | Tries | Tr LEISURE PAPER, PRINTING, MINES-Contd TRUSTS, FINANCE, LAND - Contd TEXTILES - Contd Price | + mv | Div | C'ur | Y'M | Price | - 1010c | 20 3.0 | 74 -2 | 035c | 40 1.5 | 168 | 087c | 1.012.4 | 125 | 100 | 1.4 | 12.7 | 100 | 1.4 | 12.7 | 100 | 1.4 | 12.7 | 100 | 1.4 | 12.7 | 100 | 1.4 | 12.7 | 100 | 1.4 | 12.7 | 100 | 1.4 | 12.7 | 100 | 1.4 | 12.7 | 100 | 1.4 | 12.7 | 100 | 1.4 | 12.7 | 100 | 1.4 | 12.7 | 100 | 1.4 | 12.7 | 100 | 1.4 | 12.7 | 100 | 1.4 | 12.7 | 100 | 1.4 | 12.7 | 100 | 1.4 | 12.7 | 100 | 1.4 | 12.7 | 100 | 1.4 | 12.7 | 100 | 1.4 | 12.7 | 100 | 1.4 | 12.7 | 100 | 1.4 | 12.7 | 100 | 1.4 | 12.7 | 100 | 1.4 | 12.7 | 100 | 1.4 | 12.7 | 100 | 1.4 | 12.7 | 100 | 1.4 | 12.7 | 100 | 1.4 | 12.7 | 100 | 1.4 | 12.7 | 100 | 1.4 | 12.7 | 100 | 1.4 | 12.7 | 100 | 1.4 | 12.7 | 1.4 | 12.7 | 1.4 | 12.7 | 1.4 | 12.7 | 1.4 | 12.7 | 1.4 | 12.7 | 1.4 | 12.7 | 1.4 | 12.7 | 1.4 | 12.7 | 1.4 | 12.7 | 1.4 | 12.7 | 1.4 | 12.7 | 1.4 | 12.7 | 1.4 | 12.7 | 1.4 | 12.7 | 1.4 | 12.7 | 1.4 | 12.7 | 1.4 | 12.7 | 1.4 | 12.7 | 1.4 | 12.7 | 1.4 | 12.7 | 1.4 | 12.7 | 1.4 | 12.7 | 1.4 | 12.7 | 1.4 | 12.7 | 1.4 | 12.7 | 1.4 | 12.7 | 1.4 | 12.7 | 1.4 | 12.7 | 1.4 | 12.7 | 1.4 | 12.7 | 1.4 | 12.7 | 1.4 | 12.7 | 1.4 | 12.7 | 1.4 | 12.7 | 1.4 | 12.7 | 1.4 | 12.7 | 1.4 | 12.7 | 1.4 | 12.7 | 1.4 | 12.7 | 1.4 | 12.7 | 1.4 | 12.7 | 1.4 | 12.7 | 1.4 | 12.7 | 1.4 | 12.7 | 1.4 | 12.7 | 1.4 | 12.7 | 1.4 | 12.7 | 1.4 | 12.7 | 1.4 | 12.7 | 1.4 | 12.7 | 1.4 | 12.7 | 1.4 | 12.7 | 1.4 | 12.7 | 1.4 | 12.7 | 1.4 | 12.7 | 1.4 | 12.7 | 1.4 | 12.7 | 1.4 | 12.7 | 1.4 | 12.7 | 1.4 | 12.7 | 1.4 | 12.7 | 1.4 | 12.7 | 1.4 | 12.7 | 1.4 | 12.7 | 1.4 | 12.7 | 1.4 | 12.7 | 1.4 | 12.7 | 1.4 | 12.7 | 1.4 | 12.7 | 1.4 | 12.7 | 1.4 | 12.7 | 1.4 | 12.7 | 1.4 | 12.7 | 1.4 | 12.7 | 1.4 | 12.7 | 1.4 | 12.7 | 1.4 | 12.7 | 1.4 | 12.7 | 1.4 | 12.7 | 1.4 | 12.7 | 1.4 | 12.7 | 1.4 | 12.7 | 1.4 | 12.7 | 1.4 | 12.7 | 1.4 | 12.7 | 1.4 | 12.7 | 1.4 | 12.7 | 1.4 | 12.7 | 1.4 | 12.7 | 1.4 | 12.7 | 1.4 | 12.7 | 1.4 | 12.7 | 1.4 | 12.7 | 1.4 | 12.7 | 1.4 | 12.7 | 1.4 | 12.7 | 1.4 | 12.7 | 1.4 | 12.7 | 1.4 | 12.7 | 1.4 | 12.7 | 1.4 | 12.7 | 1.4 | 12.7 | 1.4 | 12.7 | 1.4 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | OIL AND GAS—Contd ADVERTISING - Contd 1989 High Law Stack 75 38 Gopen Sental M50 50_ 84 47 Malaysia 1109_100_1 1801 120 Petaling 5M1 150 90 90 majel Besi 5M1 99 De Zero Cop Pri v 178 Deurssex Inv Tst. B 450 De. Warrants. V 136 Parific Assets 50 D. B 551 De. Warrants. V 16 Person 18 Personal Assets. B 128 Personal Personal Assets. B 128 Personal B 128 Per Miscellaneou TOBACCOS | The control of the **PROPERTY** 1.0111 THIRD MARKET 1.016.8 Price - Net Cry Land 19/2 940 1.0 6.8 1.4 18.6 855 1.0 6.8 1.4 18.6 855 1.0 6.8 1.4 18.6 857 1.0 6.8 1.4 18.6 858 1.0 6.8 1.4 18.6 859 1.0 6.8 1.4 18.6 1.0 6.8 1.4 18.6 1.0 6.8 1.4 18.6 1.0 6.8 1.4 18.6 1.0 6.8 1.4 18.6 1.0 1.3 - 45.5 1.1.7 1.1 - 1.1.7 1.1.7 1.1 - 1.1.7 1.1.8 1.0 1.1 - 2.4.4 1.1.9 1.0 1.3 - 2.4.4 1.1 1.7 2.9 **OVERSEAS TRADERS** TRUSTS, FINANCE, LAND 250 | 1016 28 | 122 | 125 | 145 | 107 | 145 | 107 | 145 | 107 | 145 | 107 | 145 | 107 | 145 | 107 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 14 TRUSTS, FINANCE, LAND **PLANTATIONS** Price - Net Cw Gr's Stock Price + IIV Oiv C'VI Gr's Stock Rubbers, Palm Oli Ruiniers, Fm. 76 Angto-East Plants... y 65 Bertam 10p... 50 Harrisse My, Pl MS1... 51 Hightants M50c... 57 Rusis Report M51... 401 Ende Hidgs. 50.... 64 Rowe Evans Inv. 10p... y 102 41.0 1.8 2.6 2.0 1.1 3.4 56.4 44 \$0156 1.7 6.1 54 9.2 0206 1.2 8.1 92. 9017.56 9 4.3 56 ... 0 9 4.7 2.4 75 ... 2.0 2.0 3.6 Teas MOTORS, AIRCRAFT TRADES Central Rand Commercial Vehicles Eastern Rand | Rand | 46|-1 | 46|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-1 | 10|-Far West Rand 3 Jacks Wto.... Control and the control of the contr | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 Tins 4Si 35MAyer Hitam 5M1......

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar runs out of steam

NO SINGLE currency dominated the foreign exchanges yesterday. The mar-ket was generally reduced to quiet cross trading, as the dol-lar failed to build on Friday's

gains.
The upward surge by the dollar on Friday's news of stronger than expected US employment data ran out of steam. New York was closed for the Labour Day boliday and Europe was generally wary of putting too much upward pressure on the currency.

Dealers said it is not in the interests of any leading economy to allow a further appreci-ation of the dollar. A firmer dollar will not help correct the adverse trade flow into the US and will be a recipe for exporting inflation as far as Europe

and Japan are concerned.

Reaction to the August US employment figures was that the dollar moved higher because a reduction in US interest rates appears less likely. On the other hand the underlying streogth of the currency made dealers nervous about intervention by central

The Bank of Japan intervened repeatedly during the Tokyo morning, but was not seen in the market during the afternoon. Total dollar sales by the Japanese central bank

E IN NEW YORK

| 61 gm (7 i gaz (07 gen (| 570-1.5580 1.65-0.63pm L.92-1.89pm 6.48-6.33pm o the US dol <i>lar</i> |
|----------------------------------|--|
| | |
| e ind | |
| | EX |
| Sep.4 | Previous |
| 911 | 91.4 91.5 |
| 91.2 | 91.4 91.5 |
| 91.1 | 91.5 91.5 |
| 91.2 | 915 |
| 91.2 | 91.4 |
| ֡ | Sep.4 91.1 91.1 91.2 91.1 91.1 91.1 91.2 91.2 |

CURRENCY RATES

| Sep.4 Rank rate | Special* Orawing Rights | European t Corrency Unit, |
|--|---|--|
| Sterling # 7 U.S Doltar 7 U.S Doltar 7 Londian 5 12.36 Austrian Sch. 5 Belgian Franc 7,75 Barish Krone 945 Deutsche Mark 5,00 Neth Gelleer 6,00 French Franc 131 Japanese Yen 34 Norway Krone 8 Spanish Peseta 5 Swedish Krone 91 Swedish Kron 91 | 1.25965 1.24249 1.48825 17.2433 51.2217 51.2217 2.4920 2.75957 8.25759 1756.26 180.720 8.90990 153.152 8.26132 2.11410 210.801 0.916296 | 1.48008 1.04974 1.24974 1.46250 43.4437 8.06728 2.07692 2.34093 7.00337 1.488.43 153.263 7.55711 129.853 7.00809 1.79.349 178.782 0.778107 |

" All SDR rates are for Sep.1 **CURRENCY MOVEMENTS**

| Sep.4 | Bank of England Index | Morgao** Gearanty Changes % |
|--|---|---|
| Sterling U.5 Dollar Canadian Bollar Anstrian Schilling Belgian Franc Danish Knote Dentsche Mark Setts Franc Guilder French Franc Ura | 91.2 77.2 105.3 106.2 105.6 103.1 112.2 106.6 109.9 99.5 99.6 | *19.7 *4.5 *1.5 *9.4 *1.8 *115.7 *15.7 *15.4 *16.6 *16.6 |

OTHER CURRENCIES

| Sep.4 | £ | \$ |
|----------------------|--------------------------------------|------------------------------------|
| Argentina | 1010.75 - 1019.20 | 650 00 - 655.00 |
| Australia | 2.0375 - 2.0400 | 13110-13125 |
| Brazil | 4.3355-4.3600 | 2,7890 - 2,8020 4 4680 - 4,4700 |
| Finland | 6.9425 - 6.9580 262.15 - 266.65 | 169.05 - 171.75 |
| Homa Kong | 12 1335- 12 1460 | 7.8080 - 7.8100 |
| tran | 116.30 | 73.20° |
| Korva(Stb) _ | 1037.55 - 1045.90 | 667,00 - 672,40 |
| Kewalt | 0.46450 - 0.46650 | 0.29965 - 0.30065 |
| Lincembourg | 64 20 - 64 30 | 41.30 - 41.40 26985 - 2.7005 |
| Malaysia Mexico | 4.1905 - 4.2010 3977.70 - 3989 60 | 2558.00 - 2564.00 |
| 8 Zealand | 2.6225 - 2.6285 | 1.6875 - 1.6905 |
| Saudi Ar | 5.8165 - 5.8215 | 3,7500 - 3,7510 |
| Singapore | 3.0640 - 3.0690 | 1.9720 - 1.9740 |
| 5. AI (Cm) | 4.3275 - 4.3385 | 2.7845 - 2.7875 |
| S. Af (Fa) Tabwan | 6.2180 - 6.3445 41.15 - 41.75 | 4.0000 - 4.0815 25.75 - 25.85 |
| UAE | 5,6950 - 5,7005 | 3.6720 - 3.6730 |
| | "Selling rate | |

MONEY MARKETS

THE MOOD of the London money market yesterday was neatly captured by a quick

glance at the yield rate curve on interbank rates. This showed virtually no change in

a market where sentiment is

hedged in by the Government's determination to keep rates

high to bear down on inflation and keep the pound from fall-ing (itself inflationary). On the

other hand, until there is some further sign (to add to the gen-erally bearish tone already offered by many analysts) that

interest rates may have to rise, there seems little likelihood of

UK clearing bank hase lending rate 14 per cent from May 24

rates breaking out of the

recent tight trading range.
Against this background, three-month interbank money was unchanged from Friday at

14-13# per cent. The Bank of England fore-

cast a shortage of around £350m. Factors affecting the

market included bills maturing in official hands and a take-up of Treasury bills, together with repayment of late assistance

draining £621m. There was also

£730m drained through the unwinding of previous sale and

repurchase agreements. In

addition, banks brought for to rise sharply during this ward balances £55m below tar-

UK rates steady

were estimated at around \$300m. This did not have any strong impact on the dollar and was regarded by many dealers as a good opportunity to buy the US currency, but it did serve as a reminder that the central banks may be waiting in the wings for an opportunity to squeeze long

dollar positions.

For most of the day the dollar hovered around Y146.00 and DM1.9800. It closed a little firmer overall at Y145.90 com-pared with Y145.80 on Friday and also rose to DM1.9785 from DM1.9780. In terms of other major currenclea the dollar climbed to SFr1.7095 from SFr1.7085 and to FFr6.6725 from FFr6.6675. On Bank of England figures the dollar's axchange rate index rose to

72.2 from 72.0.

Sterling showed virtually no reaction to publication of the UK official reserves for August. The figures showed that the Bank of England pro-

72.2 from 72.0.

wided support for sterling last month. A fall of \$405m in the reserves was towards the top of wide ranging estimates from \$50m to \$500m, but underlined the determination of the UK authorities to keep the pound firm. It also tended to support the belief that a cut in UK bank base rates is unlikely in the near future and probably

the near future and probably before the end of the year. Sentiment surrounding ster-ling received a small boost from news that July UK consumer credit rose a smaller than expected £3.23bn, against £3.46bn in June.
The pound opened generally

weaker in London, but then stabilised and saw very little further movement. It fell % cent to \$1.5540 and declined to DM3.0750 from DM3.0775; to Y226.75 from Y227.00; to SFr2.6575 from SFr2.6600; and to FFr10.3700 from FFr10.3775. According to the Bank of England sterling's index fell 0.

| EMS EUROPEAN CURRENCY UNIT RATES | | | | | | |
|--|--|--|---|---|---|--|
| Ecu Carrency % ch ecotral amounts Iro rates against Ecu cont. Sep.4 rate | | | | % charge adjusted for divergence | Olvergeste Umit. % | |
| Belgian Frant Danish Krose German D-Mark Presck Franc Doutch Guilder Irish Punt Italian Lira | 42,4582 7,85212 2,05853 6,90403 2,31943 0,768411 1463,58 | 43.4437 8.06728 2.07692 7.00337 2.34093 0.778107 1488.43 | +2 32 +2 74 +1 89 +1 44 +10 93 +1 26 +10 33 | +1 11 +1 532 +1 | ±1.5424 ±1.6419 ±1.1019 ±1.3719 ±1.5019 ±1.6689 ±4.0815 | |

| Changes are for Eco Adjustment calcular | u, therefore | positive change relai Times. | devotes a | weak | arrency |
|--|--------------|---------------------------------|-----------|------|---------|

| | Day's Oose | | spread Othe Car month | | Que month 92 | | | | Three months | % p.a. |
|---|----------------|--|--|--|--|---|--|--|--------------|-----------|
| is anada uerter tunda deliquir a | 11.174 - 11.20 | 1.535 1.565 1.845 1.835 3.46 3.47 64.20 64.30 11.915 1.1525 2.015 2.57 30 10.155 192.05 2.015 2.2025 11.175 11.184 10.365 1.0 365 2.015 2.2025 11.175 11.184 10.365 1.0 365 2.265 2.274 2.265 2.274 2.265 2.274 | 0.65-0.62cpm 0.28-0.22cpm 19-14-cpm 32-27cpm 0.40-0.30cpm 13-12-ppm 30-12cpm 31-2-14-cpm 34-2-14-cpm 24-13-cpm 15-11-2pm 12-11-2pm 12-11-2pm | 4.90 1.59 1.50 1.50 1.50 1.50 1.50 1.50 1.50 1.50 | 1.90-1.86cm 0.78-0.65cm 51y-54ycm 99-63cm 134-124ycm 140-1.00cm 5-43ycm 14-7256 14-7256 14-7256 14-43ycm 34-43ycm 34-43ycm 34-33ycm 44-33ycm 44-33ycm 44-33ycm 44-33ycm | 484 537 437 437 437 437 437 446 457 457 457 457 457 | | | | |

| Day's spread | Close | One month | 96 | Three months | ¥. |
|-----------------|--|---|--|--|--|
| 1.5510 - 1.5555 | 1.5535 - 1.5545 | 0.65-0.62cpm | 4.90 | 1,90-1.86em | 4 |
| | | 0.12-0.07cpm | 0.85 | 0.49-0.390 | 1 |
| 1,1800 - 1,1825 | 1,1810-1,1820 | | -3.20 | 0.92-0.9743 | 3 |
| 2.2200 - 2.2425 | 2.2295 - 2.2305 | 0.28-0.26cm | 1.45 | 0.80-0.76cm | 1 |
| 41.25 - 41.49 | 41.30 - 41.40 | 3.00-1.50cmm | 0.65 | | a |
| 7.664 - 7.704 | 7.664 - 7.674 | | -0.11 | 0.65-1.05dk | -0. |
| | | | 1.76 | | ī |
| | | | -3.99 | | -4 |
| | | 52-63mm | -5.53 | | -5 |
| | | | -3.30 | | -3 |
| | | | -1.71 | | -1 |
| | | | -0.14 | | -Õ |
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| | | | 137 | | - 7 |
| | | 7 30-1 Riverpoor | 176 | | ĩ |
| 1.7075 - 1.7105 | 1.7090 - 1.7100 | 0.71-0.18mm | 1.37 | 0.62-0.57pm | 1 |
| 1.0460 - 1.0500 | 1.0480 1.0490 | D 06-0.04cpm | 0.57 | D 22-0 18pm | ã |
| | 1.5510 1.5755 1.3460 1.3610 1.1800 1.1825 2.2300 2.2425 41.25 41.49 7.664 7.704 1.9725 1.9725 165.00 165.60 165.60 1.65.60 165.60 1.65.60 165.7.214 6.664 6.664 145.70 1.46.00 13.91 1.396 | 1.5510 1.5555 1.5545 1.5465 1.3460 1.3500 1.3500 1.3500 1.3500 1.3600 1.3600 1.3600 1.3600 1.3600 1.3600 1.3600 1.3600 1.3600 1.3600 1.3600 1.3600 1.3600 1.3600 1.3600 1.3600 1.3600 1.36500 | 1.5510 1.5755 1.5765 1.5765 0.65-0.62mm 1.3460 1.3510 1.3990 1.3900 0.12-0.07cmm 0.12-0.07cmm 0.12-0.07cmm 0.12-0.07cmm 0.12-0.07cmm 0.12-0.07cmm 0.12-0.07cmm 0.12-0.07cmm 0.12-0.07cmm 0.28-0.26cpm 0.28-0.2 | 1,5510 1,5555 1,5545 0,050,62cm 4,90 1,3460 1,3510 1,3490 1,3500 0,12-0,07cm 0,85 1,1800 1,1800 1,1825 1,1810 1,1820 0,30-0,33cds 3,20 2,2200 2,245 2,2255 2,2255 2,2255 0,28-0,25ccm 4,5 4,130-4,40 3,00-1,50cm 0,65 1,65 1,755 1,7755 1,7750 1,7790 0,30-0,38ept 1,76 1,7755 1,7875 1,7870 1,790 1,7 | 1,5510 1,5755 1 |

| Commercial vates take prevalues and discount francs, Financial france | is apply to the | US dollar and | trading ? (jK ar mpt to the half | nd freland are quickly currency. | ented in US en Belgkan rate is | ter surrersble |
|---|---|--|---|---|--|--|
| EL | IRO-CL | JRREN | Y INT | EREST | RATES | |
| Sep.4 | Short term | 7 Days notice | One Morth | Tiret Months | Six Months | Quet Year |
| Sterling US Dollar Can, Dollar O, Guilder So, Franc Deutschmark Fr. Franc Raller Lire 8. Fr. (Find 8. Fr. (Find 7con.) Ver O, Krone O, Krone O, Krone | 14-134 84-84 113-112 72-74 7-67- 92-83 12-10 84-8 84-74 9-84 9-84 | 14-134 83-81- 12-11- 7-2-7-3- 7-2-7-3- 9-8-3- 12-11-2- 84-84 84-84 9-8-4 9-8-4 | 141-132 487 124-113 74-713 74-714 41-91 81-81 81-81 81-81 91-91 98-91 | 14-138 9-83 12-11-1 7-7-7-1 7-7-7-1 9-9-1 12-12 8-8-1 8-8-1 9-9-4 9-8-1 | 14-134 13-13-13-13-13-13-13-13-13-13-13-13-13-1 | 13 13 13 13 13 13 13 13 13 13 13 13 13 1 |

| 4 | Long term Eurodollars: two years 9-87 ns 9%-88 per cent nominal. Short term i | per cont; three years 9-64 rates are call for US Dollars a | per cent; four years 9 to 8 and Japanese Yes; others, t | per cont |
|---|--|---|---|----------|
| | | | | |

| Sep.4 | £ | S | DM | Yes | F Ft. | 5 Fr. | H FL | Lira | CS | 81 |
|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|---------------|----------------|------------|
| \$ | 0.644 | 1.554 | 3.075 1.979 | 226.7 145.9 | 10.37 6.673 | 2657 1.710 | 3.465 2.230 | 2202 1417 | 1.535 | 64. 41 |
| DM | 0.325 4.411 | 0.505 6.855 | 13.56 | 73.72 1000. | 3.372 45.74 | 0.864 11.72 | 1127 1528 | 716.1 9715 | 0.597 8.094 | 20. 28. |
| F Fr. S Fr. | 0.964 0.376 | 1.499 0.585 | 2.965 1.157 | 218.6 85.32 | 10. 3.903 | 2.562 1 | 3.341 1.304 | 2123 828.8 | 1.770 0.691 | 61 24 |
| R FI Lira | 0.289 0.454 | 0.448 0.706 | 0.887 1.3% | 65.43 103.0 | 2,993 4,709 | 0.767 1.207 | 1.574 | 635.5 1000 | 0.530 0.833 | 18. 29. |
| C S 8 Fr. | 0.545 1.556 | 0.847 | 1.676 | 123.5 352.8 | 5.651 16.14 | 1.448 4.135 | 1.888 | 1200 3427 | 2.856 | 35 IX |

get. These were partly offset by Exchequer transactions which added £550m and a fall in the

The forecast was revised to a shortage of around £300m but there was no intervention by the Bank during the morning. In the afternoon, the authori-

ties gave assistance of £97m through outright purchases of eligible bank bills in band 1 at

13% per cent. Late help came to £20m, making a total of £117m. In Frankfurt, short-term

interest rates were barely changed ahead of today's expected announcament of a

Bundesbank sale and repurchase tender. Commarcial banks will be keen to bold on to short-term liquidity in order to meet beavy corporate tax payments due later this month.

At the same time, a maturing

At the same time, a maturing sale and repurchase facility will mature tomorrow, draining DM23.3bn from the system. Banks will also be expected to accommodate a DM3bn Government bond issued today.

In Amsterdam, the Dutch central bank allocated fresh buildlift mostly El 208h at an

iquidity worth Fl 7.08bn at an unchanged rate of 7.1 per cent. The facility replaced a maturing agreement which drained

Fl 2.62bn. The higher alloca-

tion was much in line with expectations since the drain on

short-term liquidity is expected

note circulation of £505m.

FINANCIAL FUTURES

Sterling prices weaker

SHORT STERLING futures were marked down in very subdued Liffe trading yesterday. The closure of US markets for Labor Day and the absence of any change in UK cash rates left the December contract lower at 86.44 compared with 86.49 on Friday. The prospect of bank base rates remaining the same for at least tha rest of the same for at least tha rest of this year has left the market little room for manoeuvre. Further evidence of slowdown in UK inflation and average earnings is likely to be the mini-

LEFFE LONG GILT FUTURES OPTIONS 250,000 64th of 180% Puts 0-13 0-24 0-41 1-82 1-36 2-15 3-01

| Strike | | Wester's | Pas-s | tuitoren |
|---------------------------------|-------------------------------|---------------|-------|----------|
| Price 140 | 5ep 15.60 | Oct | 0.00 | 6cz |
| 145 | 10.60 | 10.60 5.82 | 0.01 | 0.27 |
| 145 150 155 160 165 | 10,60 5,60 1,82 0,29 | 5.82 | 0.01 | 1.10 |
| 160 | 0.29 | 2.78 1.64 | 5.00 | 3.06 |
| 165 | 0.02 | <u>a.3</u> c | 9.73 | 10.58 |
| 170 | 0.00 | 0.07 | 14.71 | 15.35 |

Estimated volume 3188 119965 Previous day's open Let. 28354 (30557)

Cone High Low 105,75 105,90 105,75 105,18 105,35 105,18 Estimated volume 381 (465) Previous day's open let, 1236 (1198)

Estimated volume 1250 (5363) Provious day's open let, 15365 (15376)

POURS-S (FRRESCH EXCHANGE)

1-mth 3-mth 6-mth 12-mth 15477 15352 15180 14900 SHIN-STEPLING So per E

CLLCO a.m. Sep.40 3 montas US dollars The fixing rates are the artitizentic means rounded to the source) one-sinteenth, of the bid and officerof rates for SLGm quoted by the market to five reference basis at LLCO a.m. each working day. The basis are Rational Westenbotze Bank, Bank of Tokyo, Destructe Bank, Bangow Hationals de Park said Mergans Guaracty Linst.

FT LONDON INTERBANK FIXING

MONEY RATES

| EW YORK | | | Treasur | y Blils and | Boads | |
|---|---|---|--------------------------------|---|--------------|------------------------|
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| Sep.4 | Coernight, | Gne Mosth | Two Months | Three Months | Six Works | Lambert Laterertica |
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| 1 | LOND | ON M | ONEY | | ES | |

| L | ONDO | N MC | NEY | RATE | S | |
|---|------------------|------------------|---|---|--|-------------|
| Sep.4 | Overnight | 7 days notice | Month | Three Months | Six Mootis | One Year |
| bank Offerbank 81d | 141 ₄ | 強 | 圳 | 销 | 14, 15, 15, 15, 15, 15, 15, 15, 15, 15, 15 | 131 |
| Authority Ceps Authority Bonds | 134 | 134 | 13% | #김-13 - 지-1311400000 #14 % - 가수 6:19-2-60 가가 | 뱴 | 밁 |
| unt Mkt Deps any Deposits | 14 | 13% | 134 14 1354 1415 1415 8-90 | 135 14 | 14 13¦2 | 131 |
| ce House Deposits . ury Bills (Buy) Bills (Buy) | 1 : 1 | | 138 | អុំប្រ | | 13% |
| rade 8His (Buy) | : | = | 141 ₂ 8.90 | 14% | 131 | a.78 |
| Inked Dep Offer Joked Oep 8 id Joked Oep Offer | - | - | 0000 | 87 | 77845-1-4 7788888 | 94.8 |
| Inked Dep Bld | 1 : 1 | | 42 | 95 | 95 | 9.7 |

reason only 1980, over-month 1981 per cent; Tresoury 801s; Average tend discount 13.449 p.c. ECGO Fixed Rate Sterling Export Finance. Make up day August 18.449 p.c. ECGO Fixed Rate Sterling Export Finance. Make up day August 18.450 p.c. Retirence rate for period August 19.450 p.c. 19.450 p.c. Retirence rate for period August 11.409 p.c. Local Authority and Finance Houses seven days' finite, others seven days' fixed Houses Base Rate 14 from September 1. 1989; Bent Deposit Rates for sums at seven day note. Certificates of Tax Deposit Gertes 6); Deposit £100,000 and over held month 9½ per cent; one-three months 11 per cent; three-six months 11 per cent; six-ni 11 per cent; mine-twelve months 11 per cent; Under £100,000 9½ per cent from 1.1968. Deposits withdrawn for cash 5 per cent.

mum pre-requisite for any renewed chance of lower rates. Long gilt futures traded less than 3,000 lots for December not due until tomorrow. The most traded December contract opened at 94.29, down from 94.33 on Friday and finished at the day's low of 94.24. Activity was also subdued ahead of today's Federal bond auction, demand for which is likely to have an influence on senti-

In the tables below, the Chicago and Philadelphia prices are for September 1. Prices quoted for London are as at

0.23 0.36 0.35 0.82 1.19 1.49

LIFFE BUILD FUTURES OFTIONS DICESO,000 points of 100%

LIFFE SHORT STEELING OFTIORS 1500,000 paints of 180%

0.80 0.80 0.61 0.44 0.30 0.25

than 3,000 lots for December delivery; the December contract was virtually unchanged from its opening level of 95-08 but closed down from Friday's close of 95-13 at 95-09.

West German Government bonds were also lower. Cash rates in Frankfurt were virtually. ally unchanged as traders awaited the outcome of today'a sale and repurchase tender and the amount of the allocation, LIFFE US TREASURY BOND FUTURES OPTIONS \$100,000 64Ms of 100%

451 451 3-31 2-59 2-22 1-43 1-38 0:00 0:35 0:35 1:14 1:15 2:15 2:58

Estimated volume total Calls 2 Pass 20 Previous day's open lot. Galls 1326 Pass 1514 LIFFE EUROPOLLAR OPTIONS 58333374 633374 644 644 644 0 % 0.76 0.57 0.41 0.28 0.18

D.S. THEASURY BONDS 62877 8% \$198,869 \$2mb of 189% 1144 97-92 96-92 96-92 96-92 96-92 96-92 96-92 96-92 96-92 95-19

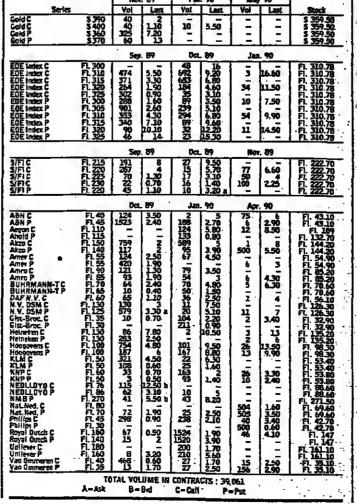
92.19 92.45 92.67 92.67 92.62 92.50

PHILADELPHIA SE LAS GETTIMES E31,254 (code per EU)

BASE LENDING RATES

| 1.5 % | * | % | % |
|----------------------|-----|------------------------------|---|
| ABN Bank | 14 | Chydrodale Bank | Nat Westvainster 14 |
| Adam & Company | | Common Blk. R. East 14 | Morthern Bank Ltd 14 |
| Allied Trest Bank | 14 | Co-operative Bank *14 | Novertch Gest. Trest |
| Allied Irisk Bank | 14 | Cortts & Co 14 | PRIVATBanker Limited. 14 |
| # Heary Archarder | | Cyprus Popular Bk 14 | Provincial Bank PLC 15. |
| Associates Cap Corp | | Dorter Bank PLC 14 | R. Raphael & Sons 14 |
| Ambority Bank | | Dencas Lawrie 14 | Renderthe Grantee 145 |
| B & C Merchant Bank | | Equatorial Bank pic 14 | Royal Bk of Scotland 14 |
| Bank of Baroda | 14 | Exeter Trest Ltd | |
| Banco Bilbac Vizzaya | | Financial & Gen. Bank _ 14 | Smith & Willrow Secs 14 |
| Bank Happalles | | First National Bank Pic. 15 | Standard Chartered 14 |
| Bank Credit & Coorns | | ■ Robert Fleraing & Co 14 | 758 |
| Bank of Copres | | Robert Fraser & Pters 144 | |
| Bank of Indiand | | Girobank 14 | United Miterahi Bank 14 |
| Bank of India | 14 | O Guispess Mahor | Unity Trest Bank Pic 14 |
| Bank of Scotland | | HPC Bank plc 14 | Western Trust |
| Banque Beige List | | Hambros Bank 14 | Westpac Bank Corp 14 |
| Bardays Bank | | Heritable & Gen Im Brak 14 | Whitemay Laidlaw 14 |
| Benchmart Bank PLC | | ● Hill Samuel | Yorkshire Bank 14 |
| Bertise Bank AG | | C. Houre & Co 14 | - |
| Brit Bl of Mid East | | Hongkong & Skungh 14 | the second second |
| Brown Shipley | | ● Leapold Joseph & Sons _ 14 | Members of British Merchant |
| Business Mitge Tst | 147 | Lloyds Sant | Bankley & Securities Houses |
| CL Bank Mederland | | Meghraf Bank Ltd 14 | Association, * Deposit now 5.9% |
| Chartertone Bank | | McDonaell Douglas Belt 14 | Saverise 8.5%. Top Tier-£10,000+ |
| Citibank NA | | Midland Bank 14 | Instant access 12.8% & Mortgage |
| City Merchants Bank | 14 | Mount Backing 14 | base rate. § Dessand deposit. 9%. |
| | | Nat Bit of Kewalt 14 | Mortgage 13.25% - 15% |

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PUBLIC NOTICE



MMC INVITES EVIDENCE ON PROPOSED ACQUISITIONS OF MYSON GROUP

The Monopolies and Mergers Commission would like to hear from any person or organisation with information or views on the proposed acquisition by Yale & Valor of Myson and Blue Circle's presentshareholding in and proposed acquisition of

The Commission will be studying the effects on competition in the heating appliances market.

The Commission would like evidence in writing by Monday 18th September 1989 to be sent to: The Reference Secretary (Valor/Myson/Blue Circle Inquiries), Monopolies and Mergers Commission, New Court. 48 Carey Street, London WC2A 2JT.

For details of advertising on the arts pages of the Weekend

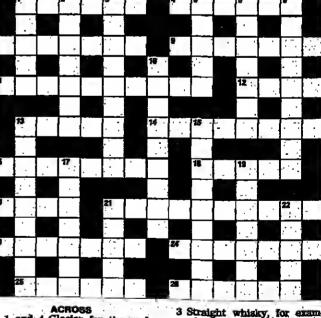
Please contact Alison Nunn at Number One Southwark Bridge, London SE1 9HL. Tel: 01-873 4677

JOTTER PAD

#(%_-

CROSSWORD

No.7,029 Set by FRESCA



ACROSS

1 and 4 Glacier for the rock
garden? (6,6)

8 and 9 Providing cover for
head - and possibly tail

head — and possibly tail
— of receiver is a serious
crime (7,7)

11 State of being over and
undar reconsiderad
extremely carefully (10)

12 Confusion about piano and
organ part (4)

13 English road duplicated outside a US city (5)

14 Add fuel sloppily round
back of car? It's frightening!

(8)

(8)
16 Barely a runner? (8)
18 Symbol for compound of barium, deuterium and germanium (5)

20 Church work cut (4) 21 Scot with nine aboard, tipsy

(10).
23 Plant wickedness and torment (7).
24 Trifle with fate after taking vitamin to live (7).
25 Kind of seed produced from irises – American variety (6).

26 Article on silver object placed before committee (6)

1 Indian losing height rapidly

(5)
2 It's a bloomer bringing up a dull immovabla person without scripture lessons (7)

19 Manure one neversystem prison (7)
21 Chopper lands on island: it's self-evident (5)
22 Fragrance of a big city! (5)
Solution to Puzzle No.7,928 SHERLDCK NOLMES
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ple, gets doctor in Kent in a

pie, gets doctor in kent in a mess (4,5)

5 Noble giri of Tyrolean extraction (5)

6 Married without assistance and produced young (7)

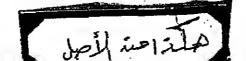
7 Put an end to escape of wayward car up tree (9)

10 Simple study by staff brought up to support giri (9)

13 Unique as a non-smoker per-

haps (9)

nape (9)
15 Incorporating substance into oriental pottery (9)
17 Ruler or measure used by newspapers (7)
19 Manure one developed in prison (7)



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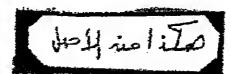
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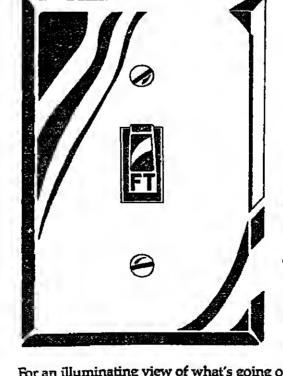
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WORLD STOCK MARKETS 56h + ar 2,950 +50 3,750 +50 4,700 +50 22,000 +700 18,730 +700 19,730 +20 1,530 +36 1,755 +8 1,755 +8 1,042 +8 1,042 +8 September 4 ASA B Gree ASA B Gree Affa-Lare B Gree Assa B Gree Assa B Gree Assa B Gree Asia B Gree Asia B Gree Asia B Gree Excels B Gree Excel CANADA 10.648 -22 2.797 -6 6.150 -19 10.850 -9 1.555 +10 3.612 +47 3.620 -70 31.670 -150 27.600 -280 2.007 1.722 1.722 1.723 1.724 1.725 なるころしよいなるも たとしち、よるもでしてもの、「、まななるままた、そのしそもなまなものも、たしまい、ながまののようななるのはできるだちのも、 ちしまし サンガランドンなるなられるなるないとしているなるか | Section | Sect Closing prices September 1 निन्थक्न निक्निक्थक Fr. 6.600 15.500 15.500 15.500 15.756 6.290 6.200 6.20 +100 +100 +13 +5 AKZU AKRU AMBN AMBN AMBN AMBN Bois Lacas Bossenij Webry Bossenij W Coparer Cred Foncier from Credit National Danter Docis de France Dollfins Miles Danter Cle Ges Laser tille Ges Laser tille Ges भ ता । संध्येत्रेश्ये दे हो हो हो हो मुक्ति के प्रकार कर्ण के पर हो हो हो हो हो हो है है Assassiss Do. Pist, Gerts. Baloise Hid Ptg. Baloise Hid Ptg. Baloise Hid Ptg. Do. Ptg. Bark Lebr. Do. Ptg. Brown Bevert Do. Ptg. CS Hries. CIta Selly Do. (Ptg.S) Cleicrowett Enda Celectrowett Geckern Do AFV Geoerate Bank Do AFV 1 Do AFV 2 Geoert Hobolier Location MONTREAL Phillips Kommun. Porsche Pressing Bheineleitra Bheineleitra Bheineleitra Bheineleitra Bheineleitra Bheineleitra Bheineleitra Boo. Pref. Rhajamatail Berl Do. Pref. 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FINANCIAL TIMES

14 East 60th Street, New York, NY 10022 USA

Frankfurt and Paris advance by 2 per cent

THE Labor Day holiday in North America failed to bold back the Continent's two biggest bourses yesterday, as Paris and Frankfurt both burst forward 2 per cent in active trading. Some markets were more subdued, but domestic considerations seemed as important as the absence of trading on Wall Street, writes

WORLD STOCK MARKETS

Our Markets Staff.

PARIS enjoyed a surge in prices, carrying on from Friday's gains, as domestic investors returned from their summer absence and foreigners also moved in for a slice of the action. "It was a superb day, absolutely magic," exclaimed

Among the strongest performers was Moulinex, which jumped FFr7.90 to FFr149.40 on 257,000 sbares traded. The and there was also interest in the new markets opened up by its recent acquisitions in the UK and Italy.

Peugeot rose FFr39 to FFr979 in active trading, with favoura-ble press coverage of the new model stimulating interest while Pernod gained FFr40 to FFr1,520 on enthusiasm about the potential boost to earnings from the long hot summer and the contribution from Irisb Dis-

tillers, acquired last year. In the Suez takeover hid saga, target Industrielle was requoted and traded at FFr14,620; it was suspended at FFr9,750 on Angust 4. Victoire fell FFr30 to FFr1,793 on concern that Suez would fail in the

bid attempt, and Suez was down FFr5.80 at FFr367. The OMF 50 index rose 10.94. or 2 per cent, to 529.38 and the CAC General index, based on opening prices, climbed to a record 531.6, up 5.2. Turnover was thought to be similar to Friday's FFr2.76bn. FRANKFURT was also busy

as cars and constructions led gains on domestic and foreign demand, also continuing Friday's momentum. Strong industrial production figures for July added to the bullisb

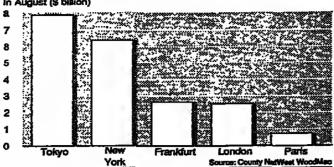
The FAZ index rose 13.65, or 2 per cent, to a post-crash high of 673.35 and the DAX real time index reached a 1989 high of 1,624.00, np 15.67. Turnover was

a heavy DM6bn.
The automobile sector was driven by the approach of the Frankfurt motor show next week, with Daimler up DM12.70 to DM850.50 in the day's most active trading. The stock was also belped by buying before Friday's expected approval of the group's takeover of MBB,

the aerospace group.

The interest spread to car parts suppliers such as Varta, the battery maker, which added DM7 to DM416.

Buying in the construction sector was fuelled by the heavy media coverage given to the large-scale emigration from Average value of daily share turnover In August (\$ billion)



East Germany and the perception that big building programmes would be needed to house these people. Hochtief rose DM20 to DM850 after its 5.7 per cent jump on Friday, Bilfinger und Berger gained DM13 to DM513, and Heidelber-

ger Zement was up DM35 at DM1,030. MADRID hit a new 1989 high as follow-through buying from Friday fuelled a 2.74 rise in the general index to 325.20. Trig-gered by confirmation of an early election on October 29, the advance featured renewed strong gains by construction stocks, with Dragados adding

10.50 points to 705.50. ZURICH advanced in moderate trading. The Credit Suisse index rose 4.9 to 668.4. Interest centered on Adia,

the temporary employment group, and Inspectorate, the quality control company, which said they will extend an exchange of minority holdings into a full merger in January. Inspectorate bearers oscillated in a wide range of SFr2,310 to SFr2,520, closing down SFr60 at SFr2,360. Adia bearers gained

SFr190 to SFr9,200.

AMSTERDAM was overshadowed by Wednesday's national elections with volume a very low F1490m, well down on Friday's Fl 854m. The CBS tendency index eased 1.0 to 190.0.

Blue chips were mainly weaker but Ahold, the retailer which announces first half results today, hucked the trend, adding 70 cents to F1 132.70. Some analysts expect a 22 per cent rise in first half

MILAN encountered technical selling midway through the

profits and a rights issue.

erate trading, as bearish senti-ments over Saab's troubled car division weighed heavily on the market. The Affarsvärlden General index fell 18.6 to

1,319.4. Saab sbares. accounted for more than a fourth of total turnover worth SKr110m, were unchanged at

6,529.47, a record high. Société Genéralé de Belgique

ASIA PACIFIC

Large capital issues push Nikkei higher

THE RELENTLESS rise of the dollar heralded an inauspicious start for the week hut interest in large capital issues helped the Nikkei average to rise for the first time in four trading sessions, writes Michiyo Noka-

moto in Tokyo.

The Nikkel broke its string of losses with a gain of 135.56 points to close at 34,483.78. The day's high was at 34,558.64 while the low was at 34,305.51. Advances led declines by 583 to 363 while 164 issues were

Turnover, however, at a paltry 437m shares, did not support the gains and was much lower than the 645m traded on Friday. The Topix index of all listed shares rose 12.08 to 2.614.59. In London trading, the ISE/Nikkei 50 index shed 0.95

The market continued to suffer from the effects of political uncertainty, interest rate doubts, currency fluctuations funds which bave left it drift-

ing in directionless trading.
Investors bave quickly latched on to themes emerging through external developments or the ingenuity of dealers, but their interest has been difficult to sustain. "The very lack of focus has dampened invest-ment interest," said Mr Mit-

NATIONAL AND

ing appeal or lasting strength in any topic, sector or even individual issue has kept investors wary of pouring funds into the market, he added. This would explain the depressed volume levels, which, despite the rise in the Nikkei, were ample proof yesterday that the market mood has far from

recovered. There was further discouragement yesterday in the dol-lar's rise to the Y146 level and the US unemployment figures for August released late on Friday that suggested interest rates would not immediately be heading lower.

Interest still focused on companies with strong earnings and low price-earnings ratios, which offered investors the chance to make quick profits. Sony, which has attracted attention recently, fell back Y50 to Y8,800, but Toshiba, the third most actively traded stock with 7.0m shares, added

Less well-known names with won favour. Rengo, a maker of paper products, surged Y80 to a record high of Y1,090. The company is expected to post a double-digit rise in recurring profits for the second consecutive year to March 1990. Rengo also has a relatively low p/e

ratio of about 43. Large capital steel and shipbuilding stocks recovered a lit-

to Y799 and Mitsubishi Heavy Industries gaining Y20 to Y1,150. Analysts said, bowever, that interest in large volume issues was mostly dealer-led, with some investors just testing the water. Speculation about mergers

and acquisitions offered the market a bit of excitement. Sansui Electric, a specialised audio maker that has suffered financial difficulty for several years, rose Y74 to Y919 on rumours that the company would enter into some kind of tie-np. A company official flatly denied the rumours but said the company was consid-ering a joint venture,

Issues with special situations remained popular with Keisel Electric Railways topping the most actives list with 17.6m shares, Keisel advanced Y20 to Y2,960 on speculation that an affiliate, Oriental Land, might be listed.

In Osaka, the OSE average added a modest 26.71 to 34,626.44 while volume slipped

advance, resuming its progress

Roundup

LEADING Asia Pacific markets found fresb impetus in Wall

Street's Friday peak which underpinned bullish sentiment. AUSTRALIA gained ground after a strong afternoon

after profit-taking at the end of

last week. The All Ordinaries index rose 15.1 to 1,763.9, slightly off its day'a high of 1,764.4, with market sentiment bolstered by improved results from leading

Turnover was a respectable 184m shares worth A\$290. Advancing issues outnumbered declining ones by two to one. Boral, which announced a 44 per cent rise in annual net profit, gained 3 cents to A\$4.16. In the resources sector, CRA, which is tipped to deliver strong half-yearly results today, gained 30 cents to

HONG KONG moved sharply higher, taking its one from Wall Street's record highs on Friday. The Hang Seng index rose 41.34 points, or 1.65 per cent, to 2.550 while turnover rocketed to HKS729m compared with Friday's HK\$449m.

The market appears poised to test the Hang Seng index's 2,600 level in the short term. Cheung Kong and affiliate cents to HK\$8.40 and HK\$8.45 respectively amid widespread rumours about group restruct-

SINGAPORE continued its run of gains, ending firmly with prices rising sharply across the board as institutions and small investors showed strong buying interest.

Philips slipped 30 cents to Fl 42.70. Polygram International, a 90 per cent owned subsidiary of Philips, would not comment on a press report that it was close to buying A & M Records for about \$500m.

September account, with leading stocks ending sharply lower. The Comit index fell 5.3 to 728.82. However, Mediobanca gained L1,000 to L28,500 after its 35 per cent improvement in profits and a index ferme.

STOCKHOLM dipped in mod-

OSLO slipped from record levels last week as nervous investors took profits before elections next Monday. The all share index dropped 0.34 to

BRUSSELS moved mainly higher in light trading. The cash market index rose 20.44 to

climbed BFr50 to BFr3,550 as a result of rallies by its subsid-

index climbed 18.55 to 1,382.28. Rising stocks outpaced falling ones by 143 to 63 while turn-

from Friday's 63m. Sime Darby gained 28 cents to S\$3.72 after announcing better than expected results and a one-for-two bonus issue.

over soared to 135m shares

NEW ZEALAND also rose as turnover fell to 10m shares valued at NZ\$19.3m from Friday's 11m shares valued at NZ\$21m. The Barclays index gained 30.87 to 2,446.32.

SOUTH AFRICA

TRADING was generally subdued in Johannesburg yesterday where the stock market closed mainly easier.

Investors pause to survey scene from new heights

By Alison Maitland

take in the view from the higher slopes of the world's equity markets last week and share prices made very little progress in one of the steadiest weeks of the year. New heights were reached with the minimum of effort. The Dow Jones Industrial Average, for exampla, closed the week at a record of 2,752.09

after economic indicators on Friday pointed to a comfortably modest pace of growth. But the US market had to rise only 0.8 per cent in local currency terms to hit that level. In the UK, the FT-SE 100 index model at a post creater. index ended at a post-crash

peak of 2,407.5, helped by speculative activity, hut that achievement, too, was founded on a market rise of 0.4 per cent over the week.

The other heavyweight, Isaan put degrays of messure

Japan, put downward pressure on the overall World Index with a decline of just under I per cent, triggered by the yen's weakness, concern over inter-est rates and downward revisions of earnings forecasts for the steel manufacturers. Speculative interest in the financial sector, sparked by the merger of Mitsui and Taiyo Kobe

banks, probably saved the mar-ket from a steeper fall.

The week's biggest gain came from New Zealand, which pushed ahead by a further 2.9 per cent to give a rise of 12 per cent over the past four weeks and of 36 per cent since the start of the year. Foreign buyers have continued to domi-nate the market which has been catching up after a long period in the doldrums and has been boosted by a brighter domestic economic outlook.

On the negative side, South Africa recorded the week's big-gest fall — of 2.3 per cent. Overseas selling of South African stocks gathered momentum towards the end of the week as the financial rand strengthened, say brokers Hoare Govett in their weekly review of world stock markets. Local institutional interest in industrial stocks also "began to fade somewhat as the reporting season drew to a close and the general election approaches."

MARKETS IN PERSPECTIVE 1 Year Start of Austria ... +0.81 +23.65 +0.06 -1.37 Belgium :.. +32.75 +18.46 +30.17 +27.00 +68.96 +27.41 +8.98 +3.88 +50.71 +23.27 +2.30 +38.08 +21.52 +1.51 +27.52 +28.78 +4.25 +39.22 +21.12 +0.14 +31.22 +23.06 +8.47 +72.88 +44.28 +5.17 +13.73 +16.19 France West Germany +53.71 +2.62 +67.68 +37.16 +1.73 +90.69 +30.33 +2.39 +35.64 +32.01 +2.54 +38.34 +26.74 +0.36 +32.01 EUROPE . 0.89 +3.95 +14.02 +23.04 -1.98 +4.86 -1.08 +25.08 +0.64 +39.29 +11.99 +24.78 +9.11 +8.39 Hong Kong ... Japan -0.96+30.15 +36.43 +52,07 +50.00 +11.99+0.06 +32.30 +33.91 +53,64 Cingapore ... +23.20 +20.00 +33.09 +27.09 +40.75 +1.25 +8.85 +112.03 +99.17 -0.85 +58.31 +39.76 F 49.95 South Africa WORLD INDEX

7 Based on Friday 1st September, 198 Copyright, The Financial Times Limited Limited.

In Europe, which almost stood still as a region, Spain gave tha week's best performance with a rise of just 1 per cent, boosted on Friday by con-firmation of early general elec-

 World equities showed a broad advance in August in local currency terms, with new 1989 highs reached in 20 of the 24 markets covered by the FT-Actuaries World Indices. Only six markets failed to

gain over the month, and they wera concentrated in the Pacific, according to figures from County NatWest Wood-Mac. Hong Kong again suffered from litters induced by the sit-uation in China and reacted badly to a spate of rumours with a fall of 2.7 per cent. Japan shed 1.7 per cent, and Singapore was off 1.4 per cent after its rally in July in the run-up to National Day on August 9. Against the regional trend, New Zealand and Aus-

tralia showed strong gains.

Europe including the UK added 3.7 per cent in August, while the Continent alone managed a stronger 4.1 per cent rise. The Nordic region was only 0.3 per cent ahead, with Finland and Denmark both falling during the month, while North America was up a

modest 1.5 per cent.
Sterling investors had the best time in August as the weakening of the currency enhanced otherwise restricted gains in overseas markets

Austria, New Zealand, Anstralia and Mexico alls produced donble digit rises in sterling terms. However, a fall of 1.3 per cent in Japan meant that the advance by the World excluding the UK was 3.3 per cent, only slightly ahead of the 3.2 per cent rise in the UK.

Dollar investors were again better off staying at home

better off staying at home, with the US market advancing 15 per cent in August com-pared with a fall of 4.4 per cent in the World excluding the US, as the strength of the currency offset share price gains, Japan fell 6.9 per cent in dollar terms, However, there were some

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exceptions to the generally lacklustre picture, with New Zealand advancing 27.6 per cent in dollar terms, Austria up 14.7 per cent and Australia gaining 8.8 per cent.

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Ist NOVEMBER 1989

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| | | | IFC | EMERGIN | IG MAR | KETS II | NDICES | | | |
|---------------|------------------|--------------|-------------------------------------|----------------------------------|----------------------|------------------------------------|-------------------------------------|--------------|--------------------------------------|---------------------------------|
| | | | | PRI | CE | | | | TOTAL RETUR | N |
| Market | No. of stocks | July 1989 | % Change on June (Dollar terr | % Change on Dec 31 '88 ms) | July 1989 (Loc | % Change on June al currency | % Change on Dec 31 '88 terms) | July 1989 | % Change on June (Dollar terms | % Change on Dec 31 '88 3) |
| Latin America | (158) | 196.90 | -28 | 28.8 | | _ | - | 272.97 | -2.3 | 36.2 |
| Argentina | (24) | 199.08 | -64.8 | 12.1 | 873,038.53 | -8.0 | 4,093.7 | 238.11 | -64.8 | 20.8 |
| Brazil | (56) | 119.75 | 13.1 | 29.8 | 78,795.77 | 61.3 | 281.7 | 174.55 | 13.6 | 37.9 |
| Chila | (25) | 478.72 | -7.5 | 4.7 | 1,013.60 | -1.1 | 15.1 | 776.34 | -6.8 | 11.8 |
| Mexico | (53) | 503.56 | 1.3 | 44.9 | 8,578.55 | 2.7 | 57.8 | 668.51 | 1.4 | 49.1 |
| Asia | (204) | 433.34 | 3.2 | 49.8 | _ | _ | | 541.11 | 3.2 | 52.5 |
| Korea | (61) | 475.87 | 8.0 | -1.3 | 379.63 | 8.1 | -4.9 | 803.18 | 8.0 | 1.9 |
| Malaysia | (62) | 134.80 | 4.8 | 23.8 | 147.85 | 3.2 | 21.5 | 159.50 | 5.1 | 26.0 |
| Talwan, China | (62) | 1,315.01 | 1.9 | 97.8 | 848.40 | 1.3 | 78.5 | 1,445.03 | 1.9 | 99.3 |
| Thailand | (19) | 300.28 | 0.6 | 37.6 | 283.71 | 0.0 | 40.1 | 541.39 | 1.1 | 50.1 |

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzle in conjunction with the Institute of Actuaries and the Faculty of Actuaries

| REGIONAL MARKETS | | | | | | | | 11 7000041 | | | THE WINE | ~ |
|---|-----------------------|----------------------|----------------------------|----------------------------|-------------------------------------|------------------------|-----------------------|----------------------------|----------------------------|--------------|-------------|------------------------|
| Figures in parentheses show number of stocks per grouping | US Dollar Index | Day's Change % | Pound Sterling Index | Local Currency Index | Day's change % local currency | Gross Div. Yield | US Dollar Index | Pound Sterling Index | Local Currency Index | 1989 High | 1989 Low | Year ago (approx |
| Auatralia (85) | 152.97 | -1.1 | 145.70 | 133.53 | -0.8 | 4.69 | 154,70 | 145.77 | 134.59 | 157.14 | 128.28 | 139.68 |
| Austria (18) | 146.31 | - 1.5 | 139.36 | 149.87 | -0.9 | 1.62 | 148.60 | 140.02 | 151.18 | 150.67 | 92,84 | 86.51 |
| Belgium (63) | 132.32 | -0.5 | 126.04 | 134.77 | +0.3 | 4.10 | 133.00 | 125.32 | 134.32 | 137.97 | 125.58 | 111.46 |
| Canada (123) | 152.04 | -0.3 | 144.62 | 130.19 | + 0.2 | 3.09 | 152.57 | 143.75 | 129.92 | 153.59 | 124.67 | 117.93 |
| Denmark (35) | 194,51 | -0.5 | 185.37 | 202.55 | +0.0 | 1.55 | 195.64 | 184.33 | 202.55 | 218.89 | 165.35 | 120.41 |
| Finland (26) | 133.39 | -0.9 | 127.08 | 124.60 | -0.3 | 2.20 | 134.61 | 126.83 | 124.85 | 159.18 | 125,81 | 117.05 |
| Franca (126) | 128.84 | -0.8 | 122.72 | 134,75 | + 0.4 | 2.80 | 129.65 | 122.18 | 134.17 | 133.44 | 112.57 | 90.26 |
| West Garmany (100) | 96.10 | + 0.0 | 91.54 | 98.82 | + 1.0 | 2.07 | 96.14 | 90.59 | 97.64 | 100.53 | 79.56 | 74.07 |
| Hong Kong (48) | 104.96 | +0.0 | 99.98 | 105.24 | + 0.0 | 5.26 | 104.94 | 96.88 | 105.23 | 140.33 | 86.41 | 100.14 |
| reland (17) | 152.68 | - 0.9 | 145.43 | 158.94 | -0.2 | 2.79 | 154.13 | 145.23 | 159.22 | 166.89 | 125,00 | 127.07 |
| Italy (97) | 94.90 | - ∼ 1.0 | 90.40 | 100.57 | +0.0 | 2.24 | 95.83 | 90.30 | 100.56 | 96.73 | 74.97 | 69.84 |
| Japan (455) | 178.60 | - 0.9 | 170.12 | 164.60 | +0.0 | 0.49 | 190.18 | 169.77 | 164.63 | 200.11 | 164.22 | 153.13 |
| Malaysia (36) | 187.76 | -0.1 | 178.85 | 194.85 | +0.0 | 2.50 | 187.87 | 177.02 | 194.85 | 193.38 | 143,35 | 135.94 |
| Mexico (13) | 287.91 | + 0.0 | 274.24 | 806.18 | +0.2 | 0.62 | 287.87 | 271.24 | 804.96 | 290.19 | 153,32 | 152.09 |
| Naiherland (43) | 124.27 | - 1.2 | 118.37 | 126.43 | -0.2 | 4.13 | 125.81 | 118.58 | 126.70 | 130.67 | 110.63 | 100.53 |
| New Zealand (20) | 87.25 | -0.2 | 83.10 | 77.74 | -0.4 | 4.44 | 87.48 | 82.38 | 78.09 | 87.43 | 62.54 | 70.75 |
| Norway (24) | 183.78 | - 1.2 | 175.01 | 178.62 | -0.8 | 1.45 | 186.00 | 175.25 | 160.00 | 196.39 | 139.92 | 110.08 |
| Singapora (26) | 165.38 | -0.1 | 157.53 | 150.07 | + 0.0 | 1.86 | 165.52 | 155.96 | 150.07 | 170.62 | 124.57 | 120.81 |
| South Africa (60) | 150.75 | - 1.0 | 143.59 | 137.30 | -0.8 | 4.08 | 152.24 | 143.45 | 138.08 | 154.97 | 115.35 | 108.73 |
| Spain (43) | 158.37 | -0.3 | 150.85 | 147.99 | +0.5 | 3.47 | 158.90 | 149.63 | 147.25 | 160.94 | 143,14 | 138.62 |
| Sweden (35) | 162.78 | - 1.3 | 174.08 | 179.85 | - 0.8 | 1.91 | 185.08 | 174.38 | 181.81 | 198.94 | 138,45 | 112.11 |
| Switzarland (64) | 89.50 | - 1.3 | 85.25 | 94.79 | -0.1 | 1.99 | 90.67 | 85.43 | 94.89 | 94.18 | 67.81 | 74.80 |
| United Kingdom (307) | 153.69 | -0.3 | 146.40 | 146.40 | + 0.8 | 4.00 | 154.09 | 145.18 | 145.19 | 158.41 | 133.28 | 122.58 |
| USA (549) | 148.84 | +0.7 | 137.01 | 143.64 | +0.7 | 8.24 | 142.89 | 134.63 | 142.89 | 143.84 | 112,13 | 108.08 |
| Europe (1000) | 128.48 | -0.5 | 122.87 | 127.41 | + 0.5 | 3.23 | 129.09 | 121.84 | 126.72 | 132.62 | 112,63 | 89.97 |
| Nordic (121) | 167.39 | - 1.0 | 159.44 | 161.58 | - 0.5 | 1.76 | 169.03 | 158.27 | 162.37 | 178.38 | 137.95 | 107.30 |
| Pacific Baain (870) | 174.99 | - 0.9 | 166.68 | 161.27 | +0.0 | 0.72 | 178.52 | 166.32 | 151.35 | 194.72 | 160,44 | 150.46 |
| Euro - Pacific (1670) | 156.51 | - 0.7 | 149.08 | 147.90 | +0.1 | 1.56 | 157.68 | 148.57 | 147.38 | 166.98 | 141,56 | 130.28 |
| North America (672) | 144.23 | +0.8 | 137.38 | 142.96 | + 0.8 | 3.23 | 143.36 | 135.08 | 142.08 | 144.23 | 112,79 | 108.59 |
| Europa Ex. UK (693) | 112.51 | -0.6 | 107,17 | 115.70 | + 0.3 | 2.65 | 118 <i>.2</i> 4 | 106.70 | 115.32 | 116.28 | 96.30 | 85.86 |
| Pacitic Ex. Japan (215) | 131.55 | - o. <u>8</u> | 125.30 | 1 19.55 | -0.5 | 4.53 | 132.41 | 124.78 | 120.11 | 137.65 | 111.98 | 118.27 |
| Norld Ex. US (1866) | 156.39 | -0.7 | 148.96 | 147.16 | + 0.1 | 1.64 | 157.53 | 148.43 | 146.94 | 166.35 | 141,49 | 129.66 |
| Norld Ex. UK (2108) | 150.57 | 0.3 | 143.42 | 145.97 | + 0.3 | 1.99 | 150.96 | 142.24 | 145.58 | 155.68 | 186.98 | 121.11 |
| Norld Ex. So. At. (2355) | 150.84 | -0.3 | 143.67 | 146.04 | +0.3 | 2.16 | 151 <i>.</i> 22 | 142,48 | 145.57 | 155.92 | 136,67 | 121.30 |
| Norld Ex. Japan (1960) | 138.01 | +0.2 | 131.45 | 136.73 | + 0.5 | 3.29 | 137.60 | 129.84 | 135.99 | 136.23 | 114,51 | 105.96 |
| he World Index (2415) | 150.83 | -0.3 | 143.67 | 145.96 | + 0.3 | 2.18 | 151.23 | 142.49 | 145.61 | 155.89 | 136,68 | 121.22 |